Index Page

Replies to initial written questions raised by Legislative Council Members in examining the Estimates of Expenditure 2025-26

Director of Bureau : Secretary for Commerce and Economic Development
Session No. : 18
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Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
CEDB001	3144	CHAN Chun-ying	152	(6) Subvention: Hong Kong Trade Development Council
CEDB002	2872	CHAN Man-ki, Maggie	152	(6) Subvention: Hong Kong Trade Development Council
CEDB003	2880	CHAN Man-ki, Maggie	152	(6) Subvention: Hong Kong Trade Development Council
CEDB004	0149	CHAN Yuet-ming	152	(3) Telecommunications
CEDB005	0816	CHEN Chung-nin, Rock	152	(2) Commerce and Industry
CEDB006	0590	CHIU Duncan	152	(2) Commerce and Industry
CEDB007	0842	CHIU Duncan	152	(2) Commerce and Industry
CEDB008	1867	CHIU Duncan	152	(2) Commerce and Industry
CEDB009	3254	CHOW Ho-ding, Holden	152	(2) Commerce and Industry
CEDB010	3257	CHOW Ho-ding, Holden	152	(2) Commerce and Industry
CEDB011	1549	CHOW Man-kong	152	(2) Commerce and Industry
CEDB012	1550	CHOW Man-kong	152	(2) Commerce and Industry
CEDB013	1551	CHOW Man-kong	152	(2) Commerce and Industry
CEDB014	1552	CHOW Man-kong	152	(2) Commerce and Industry
CEDB015	1895	FOK Kai-kong, Kenneth	152	(4) Broadcasting
CEDB016	1447	HO King-hong, Adrian Pedro	152	(2) Commerce and Industry
CEDB017	1448	HO King-hong, Adrian Pedro	152	(2) Commerce and Industry
CEDB018	1463	HO King-hong, Adrian Pedro	152	(2) Commerce and Industry
CEDB019	1582	HONG Wen, Wendy	152	(2) Commerce and Industry
CEDB020	1597	HONG Wen, Wendy	152	(2) Commerce and Industry
CEDB021	3259	KAN Wai-mun, Carmen	152	(-) -
CEDB022	3260	KAN Wai-mun, Carmen	152	(2) Commerce and Industry
CEDB023	3299	KAN Wai-mun, Carmen	152	(-) -
CEDB024	1247	KONG Yuk-foon, Doreen	152	(2) Commerce and Industry
CEDB025	1249	KONG Yuk-foon, Doreen	152	(5) Posts, Competition Policy and Consumer Protection
CEDB026	1250	KONG Yuk-foon, Doreen	152	(7) Subvention: Consumer Council
CEDB027	0611	LAI Tung-kwok	152	(3) Telecommunications

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
CEDB028	2969	LAM Chun-sing	152	(2) Commerce and Industry (3) Telecommunications (4) Broadcasting
CEDB029	3077	LAM Kin-fung, Jeffrey	152	(2) Commerce and Industry
CEDB030	0423	LAM San-keung	152	(-) -
CEDB031	0287	LAM Shun-chiu, Dennis	152	(2) Commerce and Industry
CEDB032	0295	LAM Shun-chiu, Dennis	152	(2) Commerce and Industry
CEDB033	0297	LAM Shun-chiu, Dennis	152	(2) Commerce and Industry
CEDB034	0501	LAM Siu-lo, Andrew	152	(2) Commerce and Industry
CEDB035	2403	LAM So-wai	152	(2) Commerce and Industry
CEDB036	1848	LAU Chi-pang	152	(2) Commerce and Industry
CEDB037	1400	LAU Ip-keung, Kenneth	152	(2) Commerce and Industry
CEDB038	1401	LAU Ip-keung, Kenneth	152	(2) Commerce and Industry
CEDB039	0846	LEE Tsz-king, Dominic	152	(2) Commerce and Industry
CEDB040	0886	LEE Tsz-king, Dominic	152	(2) Commerce and Industry
CEDB041	1830	LEE Wai-wang, Robert	152	(2) Commerce and Industry
CEDB042	1831	LEE Wai-wang, Robert	152	(2) Commerce and Industry
CEDB043	1422	LEUNG Man-kwong	152	(2) Commerce and Industry
CEDB044	3018	LEUNG Mei-fun, Priscilla	152	(2) Commerce and Industry
CEDB045	3036	LEUNG Mei-fun, Priscilla	152	(2) Commerce and Industry
CEDB046	3048	LEUNG Mei-fun, Priscilla	152	(2) Commerce and Industry
CEDB047	2323	LEUNG Tsz-wing, Dennis	152	(3) Telecommunications
CEDB048	2334	LEUNG Tsz-wing, Dennis	152	(2) Commerce and Industry
CEDB049	3110	LI Sai-wing, Stanley	152	(3) Telecommunications
CEDB050	3111	LI Sai-wing, Stanley	152	(2) Commerce and Industry
CEDB051	1039	LIAO Cheung-kong, Martin	152	(6) Subvention: Hong Kong Trade Development Council
CEDB052	1041	LIAO Cheung-kong, Martin	152	(6) Subvention: Hong Kong Trade Development Council
CEDB053	1042	LIAO Cheung-kong, Martin	152	(2) Commerce and Industry
CEDB054	0076	LO Wai-kwok	152	(2) Commerce and Industry
CEDB055	1171	MA Fung-kwok	152	(2) Commerce and Industry
CEDB056	2511	MA Fung-kwok	152	(7) Subvention: Consumer Council
CEDB057	2512	MA Fung-kwok	152	(2) Commerce and Industry
CEDB058	0913	NG Kit-chong, Johnny	152	(2) Commerce and Industry
CEDB059	0915	NG Kit-chong, Johnny	152	(2) Commerce and Industry
CEDB060	0938	NG Kit-chong, Johnny	152	(2) Commerce and Industry
CEDB061	0253	NG Wing-ka, Jimmy	152	(2) Commerce and Industry

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
CEDB062	0254	NG Wing-ka, Jimmy	152	(2) Commerce and Industry
CEDB063	0255	NG Wing-ka, Jimmy	152	(2) Commerce and Industry
CEDB064	0256	NG Wing-ka, Jimmy	152	(2) Commerce and Industry
CEDB065	0262	NG Wing-ka, Jimmy	152	(2) Commerce and Industry
CEDB066	0268	NG Wing-ka, Jimmy	152	(2) Commerce and Industry
CEDB067	0269	NG Wing-ka, Jimmy	152	(2) Commerce and Industry
CEDB068	0274	NG Wing-ka, Jimmy	152	(2) Commerce and Industry
CEDB069	0275	NG Wing-ka, Jimmy	152	(2) Commerce and Industry
CEDB070	0277	NG Wing-ka, Jimmy	152	(2) Commerce and Industry
CEDB071	0321	NG Wing-ka, Jimmy	152	(2) Commerce and Industry
CEDB072	0524	SHIU Ka-fai	152	(2) Commerce and Industry
CEDB073	0761	SHIU Ka-fai	152	(2) Commerce and Industry
CEDB074	1617	SO Cheung-wing	152	(2) Commerce and Industry
CEDB075	1618	SO Cheung-wing	152	(2) Commerce and Industry
CEDB076	1643	SO Cheung-wing	152	(2) Commerce and Industry
CEDB077	1066	TAN Sunny	152	(2) Commerce and Industry
CEDB078	1069	TAN Sunny	152	(2) Commerce and Industry
CEDB079	1071	TAN Sunny	152	(2) Commerce and Industry
CEDB080	1075	TAN Sunny	152	(2) Commerce and Industry
CEDB081	1079	TAN Sunny	152	(2) Commerce and Industry
CEDB082	2604	TAN Yueheng	152	(6) Subvention: Hong Kong Trade Development Council
CEDB083	2605	TAN Yueheng	152	(2) Commerce and Industry
CEDB084	3113	TIEN Puk-sun, Michael	152	(3) Telecommunications
CEDB085	0020	TSE Wai-chuen, Tony	152	(2) Commerce and Industry (7) Subvention: Consumer Council
CEDB086	1965	TSE Wai-chun, Paul	152	(2) Commerce and Industry
CEDB087	3247	WONG Chun-sek, Edmund	152	(2) Commerce and Industry
CEDB088	0090	WONG Ying-ho, Kennedy	152	(2) Commerce and Industry
CEDB089	0091	WONG Ying-ho, Kennedy	152	(2) Commerce and Industry
CEDB090	0092	WONG Ying-ho, Kennedy	152	(2) Commerce and Industry
CEDB091	0111	WONG Ying-ho, Kennedy	152	(6) Subvention: Hong Kong Trade Development Council
CEDB092	0112	WONG Ying-ho, Kennedy	152	(6) Subvention: Hong Kong Trade Development Council
CEDB093	0113	WONG Ying-ho, Kennedy	152	(6) Subvention: Hong Kong Trade Development Council
CEDB094	0532	YIM Kong	152	(2) Commerce and Industry
CEDB095	1492	YUNG Hoi-yan	152	(2) Commerce and Industry
CEDB096	1504	YUNG Hoi-yan	152	(3) Telecommunications
CEDB097	2999	ZHANG Xinyu, Gary	152	(2) Commerce and Industry
CEDB098	3131	CHAN Chun-ying	96	(1) Commercial Relations
CEDB099	1309	IP LAU Suk-yee, Regina	96	(3) Investment Promotion
CEDB100	2918	KAN Wai-mun, Carmen	96	(-) -
CEDB101	0284	LAM Shun-chiu, Dennis	96	(1) Commercial Relations
CEDB102	0681	LEE Wai-king, Starry	96	(-) -

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
CEDB103	0774	LIAO Cheung-kong, Martin	96	(1) Commercial Relations
CEDB104	1179	MA Fung-kwok	96	(1) Commercial Relations
CEDB105	0905	NG Kit-chong, Johnny	96	(1) Commercial Relations
CEDB106	0930	NG Kit-chong, Johnny	96	(1) Commercial Relations
CEDB107	0931	NG Kit-chong, Johnny	96	(1) Commercial Relations
CEDB108	0932	NG Kit-chong, Johnny	96	(2) Public Relations
CEDB109	2674	WONG Chun-sek, Edmund	96	(1) Commercial Relations (2) Public Relations (3) Investment Promotion
CEDB110	0089	WONG Ying-ho, Kennedy	96	(-) -
CEDB111	3006	ZHANG Xinyu, Gary	96	(1) Commercial Relations (2) Public Relations (3) Investment Promotion
CEDB112	2819	CHU Kwok-keung	31	(3) Intellectual Property Rights and Consumer Protection
CEDB113	3109	SHIU Ka-fai	31	(3) Intellectual Property Rights and Consumer Protection
CEDB114	0776	LIAO Cheung-kong, Martin	78	(2) Protection of Intellectual Property
CEDB115	1901	FOK Kai-kong, Kenneth	79	(-) Investment Promotion
CEDB116	1444	HO King-hong, Adrian Pedro	79	(-) Investment Promotion
CEDB117	1308	IP LAU Suk-yee, Regina	79	(-) Investment Promotion
CEDB118	1034	LAM Kin-fung, Jeffrey	79	(-) Investment Promotion
CEDB119	1053	LAM Kin-fung, Jeffrey	79	(-) Investment Promotion
CEDB120	1820	LEE Wai-wang, Robert	79	(-) Investment Promotion
CEDB121	2333	LEUNG Tsz-wing, Dennis	79	(-) Investment Promotion
CEDB122	0768	LIAO Cheung-kong, Martin	79	(-) Investment Promotion
CEDB123	0770	LIAO Cheung-kong, Martin	79	(-) Investment Promotion
CEDB124	1628	SO Cheung-wing	79	(-) Investment Promotion
CEDB125	1629	SO Cheung-wing	79	(-) Investment Promotion
CEDB126	1640	SO Cheung-wing	79	(-) Investment Promotion
CEDB127	2856	CHAN Man-ki, Maggie	160	(2) Public Affairs and General Television Programme
CEDB128	0414	CHEUNG Yu-yan, Tommy	160	(1) Radio (2) Public Affairs and General Television Programme
CEDB129	1892	FOK Kai-kong, Kenneth	160	(1) Radio (3) New Media
CEDB130	1465	HO King-hong, Adrian Pedro	160	(1) Radio (2) Public Affairs and General Television Programme
CEDB131	3161	HO Kwan-yiu, Junius	160	(1) Radio
CEDB132	3276	HO Kwan-yiu, Junius	160	(1) Radio

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
CEDB133	0750	LAM So-wai	160	(2) Public Affairs and General Television Programme
CEDB134	1423	LEUNG Man-kwong	160	(1) Radio (2) Public Affairs and General Television Programme (3) New Media
CEDB135	1117	LOONG Hon-biu, Louis	160	(-) -
CEDB136	2013	LUK Hon-man, Benson	160	(3) New Media
CEDB137	1276	MA Fung-kwok	160	(2) Public Affairs and General Television Programme
CEDB138	1314	MA Fung-kwok	160	(-) -
CEDB139	2828	CHAN Man-ki, Maggie	180	(-) Film Classification, Control of Obscene and Indecent Articles and Newspaper Registration
CEDB140	2864	CHAN Man-ki, Maggie	181	(3) Support for Small and Medium Enterprises and Industries
CEDB141	2906	CHAN Man-ki, Maggie	181	(3) Support for Small and Medium Enterprises and Industries
CEDB142	1449	HO King-hong, Adrian Pedro	181	(3) Support for Small and Medium Enterprises and Industries
CEDB143	0260	NG Wing-ka, Jimmy	181	(1) Commercial Relations

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB001

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3144)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(000) Operational expenses
Programme:	(6) Subvention: Hong Kong Trade Development Council
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The Hong Kong Trade Development Council will launch the "E-commerce Express" to provide Hong Kong enterprises with one-to-one consultation services and thematic seminars. Please provide information on the number of seminars planned to be conducted and the estimated expenditure involved.

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 32)

Reply:

The 2025-26 Budget announced that the Hong Kong Trade Development Council (HKTDC) will implement the "E-Commerce Express" ("電子商務快車") to strengthen support for small and medium enterprises (SMEs) to tap into the Mainland market and increase electronic commerce (e-commerce) sales. HKTDC has renamed the Chinese name of the service as "電子商務快綫". To address the pain points encountered by Hong Kong enterprises when developing cross-border e-commerce on the Mainland, HKTDC will, in collaboration with large-scale e-commerce or social media platforms, conduct a series of thematic training seminars and research sharing sessions, with a view to providing more comprehensive support for SMEs interested in tapping into the e-commerce market.

HKTDC plans to organise at least 5 seminars under the "E-Commerce Express" in the 1st half of 2025, featuring the following topics:

- inviting specialists to provide practical guidance on legal compliance, requirements of specific platforms and common pitfalls, and to introduce common payment tools on the Mainland as well as taxation issues to which enterprises engaging in e-commerce on the Mainland should pay particular attention;

- exploring development trends of traditional e-commerce and social platforms, and how Hong Kong brands could choose suitable platforms to establish market influences;

- exploring practical strategies for opening online stores on the Mainland e-commerce and social platforms, understanding those platforms' traffic patterns and consumer behaviour, discussing how to promote brands on those platforms and reach out to new consumer groups; and

- exploring marketing strategies to promote Hong Kong brands and products on Mainland e-commerce and social platforms, how to establish "organic communities" for natural dissemination and create popular promotional contents, analysing the opportunities and challenges of livestreaming promotion, understanding the ecosystem and hierarchical structure of Mainland key opinion leaders (KOLs)/anchors and how to select and invite appropriate KOLs/anchors for cooperation, etc.

Besides, one of the key activities to be supported by the "E-Commerce Express" will be the 2nd edition of the Hong Kong Shopping Festival (HKSF) scheduled for August 2025. The event aims at providing SMEs with practical experience in utilising e-commerce platforms to tap into the Mainland market. To deepen participating enterprises' understanding of the techniques in operating on Mainland e-commerce and online shopping platforms and assist them in promoting brand awareness, HKTDC will, under the "E-Commerce Express", provide one-on-one consultation services for HKSF participants. Marketing specialists will advise Hong Kong enterprises on appropriate e-commerce strategies based on their individual business needs and product features.

The manpower and expenditure of the Commerce and Economic Development Bureau and HKTDC for implementing the above measures have been subsumed under the respective overall establishment and estimates, and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB002

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2872)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(6) Subvention: Hong Kong Trade Development Council
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

It is mentioned in Programme (6) that the Hong Kong Trade Development Council will position Hong Kong as the ideal two-way business hub for the Greater Bay Area, the Association of Southeast Asian Nations and the wider Regional Comprehensive Economic Partnership with the rest of the world. In this connection, please inform this Committee of the following:

1. What are the relevant estimated expenditure and staff establishment?

2. Are there any work plans, roadmaps and key performance indicators for the next 3 years? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHAN Man-ki, Maggie (LegCo internal reference no.: 32)

Reply:

The Hong Kong Trade Development Council (HKTDC) has been proactively promoting Hong Kong's competitive edges and opportunities to the Mainland and global business communities through diversified outreach activities, information platforms, large-scale exhibitions and conventions organised by its network of 51 offices worldwide.

To grasp the business opportunities in the Mainland and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), HKTDC will continue to organise and participate in different large-scale promotional events, as well as support Hong Kong companies to expand their networks and provide them with information on the latest policies and developments of the GBA market through the GoGBA one-stop platform. HKTDC is planning to set up another GoGBA business support centre in Macao this year to further assist more enterprises in grasping the opportunities brought by the GBA development.

For the Association of Southeast Asian Nations (ASEAN) and Regional Comprehensive Economic Partnership (RCEP) markets, HKTDC will strengthen its cooperation with business and trade organisations of RCEP, invite more RCEP enterprises to participate in HKTDC's trade fairs, organise RCEP theme days as well as special networking activities to enhance connections between Hong Kong, RCEP and global buyers and reinforce Hong Kong's position as a commercial hub for RCEP economies. To promote Hong Kong's role as an important bridge and two-way platform connecting the Mainland and the world, HKTDC will continue to roll out a series of overseas missions, including leading missions to ASEAN and visiting Saudi Arabia as well as the United Arab Emirates to learn about the infrastructure development in the Middle East, while promoting Hong Kong's advantages and exploring business opportunities for Hong Kong businesses.

The above work has been subsumed under the overall estimate of HKTDC, and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB003

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2880)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (6) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme (6), the Hong Kong Trade Development Council will complement the Government's efforts in promoting the development of silver economy by incorporating "silver economy" elements into more trade fairs and exhibitions to enhance the promotion of relevant products and services. In this connection, please inform this Committee:

1. of the relevant estimated expenditures and staff establishment for the next 3 years; and

2. whether the Working Group on Promoting Silver Economy, led by the Deputy Chief Secretary for Administration, has formulated any work plans, roadmaps and key performance indicators for the next 3 years; if yes, of the details; if not, of the reasons.

Asked by: Hon CHAN Man-ki, Maggie (LegCo internal reference no.: 33)

Reply:

The requested information is set out below:

(1) Relevant work is conducted with the existing manpower. The expenditure required has been subsumed under the overall estimated expenditure of the Commerce and Economic Development Bureau and the Hong Kong Trade Development Council. It cannot be quantified separately.

(2) The Working Group on Promoting Silver Economy (the Working Group) is proactively formulating work plans and implementation details. The Working Group will report work progress to the Chief Executive in early 2025-26, then brief the relevant Panel of the Legislative Council in good time and coordinate respective bureaux' implementation of various measures as soon as possible.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB004

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0149)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(3) Telecommunications
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

Encourage the Telecommunications Industry to Invest in Infrastructure

The Policy Address mentioned that a subsidy scheme would be implemented to extend 5G coverage in rural and remote areas (subsidy scheme). In this connection, will the Government inform this Committee of the following:

1. the progress of the subsidy scheme and the estimated cost of implementing Phase I in the future;

2. whether the proposed radio base station (RBS) sites cover certain rural areas in New Territories North, thereby resolving the problem of lack of mobile signal in those areas, and whether signal blind spots near the boundary control points and the innovation and technology sites in Sandy Ridge can be wiped out; and

3. in view of the current issue of poor signal reception in the Robin's Nest Country Park, whether the Government will consider installing RBSs there to meet the need for mobile networks arising from the Hong Kong-Shenzhen ecological corridor and the future development of the eastern part of the Northern Metropolis?

Asked by: Hon CHAN Yuet-ming (LegCo internal reference no.: 24)

Reply:

The Commerce and Economic Development Bureau and the Office of the Communications Authority (OFCA) have formulated the details of the Subsidy Scheme to Extend 5G Coverage in Rural and Remote Areas (Subsidy Scheme). After consulting relevant District Councils, Rural Committees and local representatives, the Panel on Information Technology and Broadcasting of the Legislative Council (LegCo) was consulted on 10 February 2025 and expressed support for the Subsidy Scheme. The Subsidy Scheme will subsidise mobile network operators (MNOs) to install radio base stations (RBS) in around 50 sites across Hong Kong. The subsidy amount for each RBS project will be capped at $2 million. An additional subsidy of not more than $2 million (i.e. the cap for the entire project is $4 million) will be provided for these RBS projects involving more complex works. The subsidy will be granted on a reimbursement basis. The total estimated amount involved in the entire Subsidy Scheme is about $154 million. The Government will seek funding approval from the LegCo in accordance with the established mechanism. OFCA will launch the Subsidy Scheme as soon as possible within 2025-26 fiscal year upon relevant funding approval.

Regarding the site selection for the Subsidy Scheme, the relevant factors of consideration include mobile network coverage in various areas such as country parks, outlying islands and other remote and rural areas, as well as technical issues related to the installation of RBS (such as geographical environment, technical feasibility, sufficient space and supporting infrastructure like power supply and optical fibre, etc.). The Subsidy Scheme will be implemented in 2 phases. Around 30 sites with more mature infrastructure or imminent need for improved mobile network coverage will be included in Phase I of the Subsidy Scheme. The remaining 20 sites that require additional time or further technical feasibility studies to enable RBS installation will be included in Phase II. Among the selected sites under the Subsidy Scheme, there will be 15 RBS to be installed in rural and remote locations in the North District to further enhance the network coverage in different rural areas in the northern part of the New Territories, benefitting hikers and village residents in the vicinity of the newly established RBS. We anticipate that upon the commissioning of all relevant RBS, the mobile network coverage of country parks will be enhanced to at least 90%, while coverage along major government hiking trails will exceed 98%.

Regarding the mobile network coverage in the Robin's Nest Country Park, there is currently one RBS located within the area of the Robin's Nest Country Park. Owing to geographical factors, signal reception in certain parts of the Robin's Nest Country Park may still have room for improvement. In light of this, the Subsidy Scheme has included a RBS site at Lin Ma Hang public toilet which is close to the Robin's Nest Country Park. In addition, OFCA is coordinating with MNOs and relevant departments to explore other feasible measures to strengthen the mobile network coverage within the Robin's Nest Country Park.

Apart from the Subsidy Scheme, the Government has amended the Telecommunications Ordinance (Cap. 106) to enable MNOs to access reserved spaces in specified buildings with building plans approved on or after 1 April 2025 for the installation and maintenance of mobile communications facilitates. For the mobile network coverage near border control points and in the Sandy Ridge Innovation and Technology Centre, MNOs will be able to utilise the reserved spaces in relevant buildings to install RBS with the completion of new development projects or newly constructed and redeveloped buildings in the North District under the abovementioned arrangement, thereby improving mobile network coverage in the North District.

- End -

CEDB005

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0816)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. In the past 4 years, what were the direct expenditures incurred by the Government for providing loan guarantees under the SME Financing Guarantee Scheme (SFGS)? What were the expenditures incurred by the Government under the principal moratorium arrangement? Please set out the figures by financial year.

2. The current relaunched principal moratorium arrangement will last for 1 year. As regards the administrative cost to be borne by the Government, what major aspects are covered (such as the manpower for vetting applications and system maintenance)? What is the estimated expenditure for each aspect? Under the Government's target, what proportion of eligible enterprises will be approved as successful applicants and benefitted under the principal moratorium arrangement?

3. As regards enterprises participating in the SFGS and adopting the principal moratorium, has the Government assessed the potential losses arising from their failure to repay loans, including defaults and being unable to repay due to closure of business? If so, what were the respective estimated amounts of such losses in the past 4 years? What is the estimated amount of losses for the current relaunched principal moratorium arrangement? What measures (e.g. recovery actions and provisions for bad debts) has the Government adopted to address these potential losses? What is the expenditure involved for these measures? If the Government has not so assessed, what are the reasons for that?

4. In the estimates for the SFGS in 2025-26, has the Government set aside an additional risks provision to address potential situations where the enterprises fail to repay, including defaults and being unable to repay due to closure of business? If so, what is the specific amount of the provision set aside? How will the provision be allocated and utilised to cope with relevant risks?

Asked by: Hon CHEN Chung-nin, Rock (LegCo internal reference no.: 6)

Reply:

The SME Financing Guarantee Scheme (SFGS) is administered and managed by HKMC Insurance Limited (HKMCI). In the past 4 years, the Government's revised estimates for implementing the SFGS are as follows:

Year	Revised Estimates ($)
2021-22	5.8871 billion
2022-23	0 [Note]
2023-24	3.14 billion
2024-25	12.5 billion

Note: The guarantee fees and accrued interest income received under the SFGS in 2022-23 were sufficient to cover the relevant expenses incurred in that year.

The above estimates were deployed to cater for the relevant expenses of the various guarantee products, including payments of originating fee in respect of the Special 100% Guarantee Product to the participating lending institutions, payments to HKMCI to cover the administrative costs and the necessary out-of-pocket expenses as well as the default claim payments.

Since the launch of the SFGS in 2012, the Government has kept on introducing enhancement measures having regard to the economic situation of Hong Kong and the needs of small and medium enterprises, including extending the application period of the SFGS, increasing the maximum loan amount, extending the maximum guarantee period, increasing the total government loan guarantee commitment, etc. The Chief Executive announced in the 2024 Policy Address that the borrowing enterprises under the SFGS be allowed to apply for the principal moratorium arrangement for up to 12 months, for both existing and new loans (the application period has started from 18 November 2024 and will end on 17 November 2025); the maximum loan guarantee periods of the 80% and 90% Guarantee Products be extended to 10 years and 8 years respectively; and the partial principal repayment options be offered to new loans under the 2 guarantee products.

The implementation of the principal moratorium arrangement is meant to provide more repayment flexibility to borrowing enterprises, so as to give them more room to juggle the cash flow, thereby reducing the risk of default and the loss of the Government. The administrative costs of processing these applications are already included in the administrative fees paid by the Government to the lending institutions and HKMCI, hence the implementation of the principal moratorium arrangement is not expected to increase the estimated expenditure of implementing the SFGS.

HKMCI has been working closely with lending institutions on properly handling default cases. In the event that a borrowing enterprise defaults on repayments, the lending institution will first discuss a feasible repayment plan with the borrowing enterprise, e.g. repaying only the interest or part of the principal during a transition period, so that the borrowing enterprise can continue its operation while making a debt restructuring arrangement as soon as possible, with a view to gradually resuming normal repayments.

If the lending institution and the borrowing enterprise could not reach agreement on the repayment or the latter refuses to cooperate, the lending institution will consider taking appropriate recovery or legal actions in accordance with its policy and prevailing commercial practice, including requesting the enterprise and guarantor to repay the loan, filing a petition for winding-up and/or bankruptcy with the court, etc. with a view to reducing the loss of the Government.

As at end February 2025, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SFGS were about 5.1%, 3.8% and 14% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). The default rates are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises, etc. The Government and HKMCI will continue to monitor the situation closely, and duly adjust the annual estimates for implementing the SFGS so as to cater for the relevant expenses of the various guarantee products.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB006

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0590)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As mentioned in the Budget, intellectual property (IP) is an important foundation for the development of emerging industries. In addition to obtaining IP rights through local research and development, enterprises will also purchase related rights to use IP. In this connection:

1. In each of the past 3 years, with a breakdown by category:

   (i) what are the respective numbers of IP applications and registrations in relation to local IP rights owners?

   (ii) what are the respective numbers of IP rights enterprises obtained through local research and development, and related rights to use IP enterprises purchased each year? What are the main industries involved? What are the expenses incurred by enterprises for purchasing rights to use IP?

2. Regarding the Government's plan to review various IP-related expenses and tax reduction arrangements, what are the details, including the target, scope, manpower and expenditure involved and implementation timetable?

Asked by: Hon CHIU Duncan (LegCo internal reference no.: 5)

Reply:

Having consulted the Financial Services and the Treasury Bureau, our consolidated reply is as follows:

The Patents Registry, the Trade Marks Registry and the Designs Registry under the Intellectual Property Department (IPD) are responsible for matters relating to registrations of patents, trade marks and designs respectively in the Hong Kong Special Administrative Region in accordance with the relevant legislation. The numbers of applications for and registrations of patents, trade marks and designs in Hong Kong by local applicants over the past 3 years are as follows:

	Number of applications (Number of registrations [Note 1])					
Year	**2022**		**2023**		**2024**	
	Local	**Total**	**Local**	**Total**	**Local**	**Total**
Standard patents by re-registration	343 (196)	20 031 (11 573)	357 (224)	17 614 (10 815)	396 (211)	15 758 (10 037)
Standard patents by original grant	83 (1)	133 (29)	108 (10)	170 (51)	99 (9)	182 (86)
Short-term patents	424 (371)	579 (535)	435 (352)	624 (516)	555 (434)	813 (659)
Trade marks	12 050 (12 098)	29 432 (30 630)	12 242 (10 144)	29 835 (25 332)	13 376 (11 225)	33 149 (28 835)
Designs [Note 2]	408 (703)	1 672 (3 319)	423 (703)	1 684 (3 390)	710 (916)	2 228 (3 852)

Note 1: As the actual examination time of an application will vary depending on the circumstances of each case, the number of registrations for a particular category of intellectual property (IP) right in a given year will not all come from applications submitted in the same year.

Note 2: As far as designs are concerned, considering that each design application may contain 1 or more designs, the number of registrations is expressed in terms of the number of registered designs.

The Inland Revenue Department and the IPD do not keep information on the IP rights obtained by local enterprises through research and development or the purchase of related rights to use IP.

In order to accelerate the development of IP-intensive industries and promote the development of IP trading in Hong Kong, the 2025-26 Budget announced that the Government will review the IP-related tax deduction arrangements, including the lump sum licensing fees for acquiring the rights to use IP, and related expenses incurred on purchase of IP or the rights to use IP from associates. The Government will conduct the review with existing manpower and will follow up on the legislative amendment work after the review is completed.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB007

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0842)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

With regard to expanding Hong Kong's trade network:

1. In view of the changing global development landscape, has the Government conducted a comprehensive review on whether the current overall planning, deployment and targets need to be suitably adjusted? If yes, what are the results of the review and how will adjustments be made?

2. What is the latest progress of the HKSAR Government's discussions with the governments of Malaysia and Saudi Arabia on the establishment of Economic and Trade Offices (ETOs) in these 2 countries? When is the earliest expected date for the official opening of these ETOs?

3. Invest Hong Kong (InvestHK) has established consultant offices in Cairo, Egypt and Izmir, Türkiye. In 2025-26, what are the estimated annual expenditures for these 2 consultant offices respectively, including the manpower arrangements, the specific work to be implemented and the performance targets?

4. What are the specific work and the estimated annual expenditure for the consultant office set up by the Hong Kong Trade Development Council (HKTDC) in Cambodia for 2025-26? Will the HKSAR Government consider establishing an ETO in Cambodia in the future?

5. Whether InvestHK and HKTDC have plans to establish consultant offices in any countries or regions in the future; if yes, what are the details and timetable?

Asked by: Hon CHIU Duncan (LegCo internal reference no.: 31)

Reply:

The international trade landscape is in a constant state of flux. In addition to maintaining ties with traditional markets, the Hong Kong Special Administrative Region (HKSAR) Government has been expanding Hong Kong's economic and trade network, strengthening ties with economies with potential especially emerging markets, thereby assisting Hong Kong enterprises in exploring new business opportunities.

As mentioned in the 2025-26 Budget, we are following up actively with the governments of Malaysia and Saudi Arabia respectively on our plans to establish Economic and Trade Offices (ETOs) in these 2 countries. The establishment of consultant offices in Cairo, Egypt and Izmir, Türkiye by Invest Hong Kong (InvestHK) and consultant office in Cambodia by the Hong Kong Trade Department Council (HKTDC) form part of the HKSAR Government's initiative to expand Hong Kong's economic and trade network, with particular emphasis on investment and trade promotion work in emerging markets, covering such activities as meetings, conferences, roadshows, seminars, exhibitions, etc. We will continue to explore the feasibility of setting up new ETOs in different locations, especially emerging markets and those with potential.

While ETOs, InvestHK (including the Dedicated Teams for Attracting Businesses and Talents and consultant offices) and HKTDC perform their respective duties, they work in synergy to jointly promote bilateral economic and trade relations between Hong Kong and overseas economies. The Government will continue to consider the needs and benefits of establishing ETOs and consultant offices taking into account the actual circumstances in deciding on the type(s) of office to be established.

The relevant expenditures of the offices of InvestHK and HKTDC have been subsumed into their respective overall estimates and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB008

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1867)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Commerce and Economic Development Bureau (CEDB) will launch the Incentive Scheme for Recurrent Exhibitions (ISRE) 2.0 in 2025-26 targeting new and international large-scale exhibitions, with a view to further promoting the mega event economy and the development of the convention and exhibition industry. In this connection:

1. Given that one of the CEDB's main responsibilities under this Programme is to continue implementing the ISRE as stated in the estimates of the CEDB (page 316), will the ISRE and the ISRE 2.0 be merged in the future? What are the specific arrangements?

2. Since the launch of the ISRE, how many exhibitions have been granted funding to date? What is the total amount of funding involved? How many exhibitions have been granted the maximum funding of $20 million? What is the average amount of funding approved per exhibition under the ISRE?

3. Regarding the downward adjustment of the funding cap from originally $20 million to $10 million under the ISRE 2.0, what are the main reasons for the adjustment? Are there any concerns that the reduced funding amount will dampen interest in holding large-scale international trade exhibitions or affect the scale of exhibitions to be held? How many exhibitions are estimated to receive funding in 2025-26, and how much funding will be involved?

4. The exhibition industry questions that the requirement of ISRE 2.0 for funded exhibitions to each attract at least 1 500 non-local exhibitors and visitors takes only the number of people as a measurement, which may not effectively reflect whether an exhibition is international and its impact on the international market, thus causing them to worry about misallocation of government resources. What is the Government's response to this? What measures will be taken to ensure that the funding scheme is

more precise and pragmatic, and optimal in resource utilization, to support the development of Hong Kong's exhibition industry?

Asked by: Hon CHIU Duncan (LegCo internal reference no.: 37)

Reply:

The Government launched the Incentive Scheme for Recurrent Exhibitions (ISRE) on 1 July 2023. As at end February 2025, ISRE supported 174 exhibitions of different scales and organised by private organisers at the Hong Kong Convention and Exhibition Centre (HKCEC) or the AsiaWorld-Expo (AWE) (examples include the annually held JMA Hong Kong International Jewelry Show and Cosmoprof Asia). The total incentive involved was $896 million, with an average incentive of about $5.15 million approved for each exhibition. The maximum incentive for each eligible exhibition is capped at $20 million. The exhibitions supported by ISRE have attracted numerous participants, including exhibitors and buyers, benefitting the convention and exhibition (C&E) industry, while bringing in high-spending business travellers that drive economic activities in such related sectors as accommodation, catering, retail and entertainment, thereby benefitting various industries.

With the success of the existing ISRE in facilitating the full recovery of the C&E industry after the pandemic, to further consolidate Hong Kong's position as an international trade centre, the 2024 Policy Address announced that the Government would allocate an additional provision of $500 million for implementing the ISRE 2.0, focusing on attracting new and recurrent international exhibitions of a large scale, so as to further promote the development of the C&E industry and the mega event economy, thereby generating overall economic benefits for Hong Kong. To this end, we have engaged the major stakeholders of the C&E industry, and worked out the arrangements for the ISRE 2.0 taking into account the views received and the operational experience of the existing ISRE.

Same as the existing scheme, the ISRE 2.0 will only subsidise venue rentals of eligible exhibitions organised by private organisers at the specified venues. The ISRE 2.0 aims at attracting more new and recurrent international exhibitions of a large scale, boosting the vibrancy of the C&E industry in Hong Kong. Some new features will be introduced under the new scheme, including:

- only international exhibitions attracting at least 1 500 non-local participants (including exhibitors and buyers) will be covered;

- the maximum incentive for each eligible exhibition will be capped at $10 million; and

- the Central Harbourfront Event Space and relevant parts of the West Kowloon Cultural District will be designated as specified venues, alongside the HKCEC and AWE.

All of the above will enable the ISRE 2.0 to focus on international events, benefit more eligible exhibitions and offer more venue options to the organisers. A press release was issued to announce the above arrangements on 24 January. We will work out the Application Guide on the eligibility criteria for the ISRE 2.0 and will announce the details after engaging the major stakeholders.

The ISRE 2.0 will be launched on 1 July this year subject to the Legislative Council's funding approval, while the existing ISRE will terminate on the same day. We will continue to keep in touch and collaborate with the C&E industry so as to encourage more organisers to stage exhibitions in Hong Kong.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB009

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3254)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The Bureau, in collaboration with the HKMC Insurance Limited, the administrator of the Small and Medium Enterprises Financing Guarantee Scheme (SFGS), has introduced enhancements to the SFGS, including relaunching the principal moratorium arrangement, extending the application periods and maximum loan guarantee periods of the 80% and 90% guarantee products as well as offering partial principal repayment options, so as to alleviate the repayment burden on small and medium enterprises. Please advise the following in table form:

(1) as at the end of February 2025, of the respective default rates of the abovementioned 80% and 90% guarantee products as well as the Special 100% Loan Guarantee; the respective numbers of cases involved; the distribution (in terms of number and percentage) of the trades and industries in which the borrowing enterprises or individuals were engaged; and the number of borrowing enterprises or individuals applied for the principal moratorium arrangement;

(2) with regard to the 80%, 90% and Special 100% Guarantee Products granted so far, of the total amount of loans granted, the distribution of loan amounts for cases approved, the total number of applications, the distribution of the trades and industries in which the borrowers were engaged and the distribution of repayment periods in percentage; of the highest and lowest annual loan interest rates and their respective percentages; and of the average annual loan interest rate; and

(3) of the respective numbers and percentages of cases in which applicants of the related guarantee products chose the principal moratorium arrangement, as well as the specific details of the latest applications for partial principal repayment, including the total number of cases and its percentage share in overall loan cases, the number and percentage of cases of each of the partial repayment options and the specific details of applications for extension of guarantee period.

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 15)

Reply:

Since the launch of the SME Financing Guarantee Scheme (SFGS) in 2012, the Government has kept on introducing enhancement measures having regard to the economic situation of Hong Kong and the needs of small and medium enterprises, including extending the application period of the SFGS, increasing the maximum loan amount, extending the maximum guarantee period, increasing the total government loan guarantee commitment, etc. The Chief Executive announced in the 2024 Policy Address that the borrowing enterprises under the SFGS be allowed to apply for the principal moratorium arrangement for up to 12 months, for both existing and new loans (the application period has started from 18 November 2024 and will end on 17 November 2025); the maximum loan guarantee periods of the 80% and 90% Guarantee Products be extended to 10 years and 8 years respectively; and the partial principal repayment options be offered to new loans under the 2 guarantee products. The cumulative application and default figures of the various guarantee products of the SFGS as at end February 2025 are as follows:

	80% Guarantee Product (launched in 2012)	**90% Guarantee Product (launched in 2019)**	**Special 100% Guarantee Product** Note 1 **(launched in 2020 and the application period ended in end March 2024)**
Number of Applications Received	31 225	16 965	72 824
Number of Applications Approved	27 802	15 447	67 182
Total Loan Amount of Approved Applications ($)	119.6 billion	27.5 billion	143.8 billion
Average Approved Loan Amount Per Enterprise ($) Note 2	8.4 million	2.5 million	3.6 million
Number of Approved Applications by Beneficiary Sectors			
• Trading, Wholesale and Retail	15 019 (54%)	7 639 (49%)	23 819 (35%)
• Engineering and Construction	2 202 (8%)	1 515 (10%)	5 684 (9%)
• Manufacturing	4 161 (15%)	594 (4%)	3 795 (6%)
• Others (e.g. Catering, Transportation)	6 420 (23%)	5 699 (37%)	33 884 (50%)
Number of Default Cases	2 105	903	9 360

	80% Guarantee Product (launched in 2012)	90% Guarantee Product (launched in 2019)	Special 100% Guarantee Product Note 1 (launched in 2020 and the application period ended in end March 2024)
Loan Guarantee Amount of Default Cases ($)	4.9 billion	1 billion	20.1 billion
Default Rates	5.1%	3.8%	14%
Number of Default Cases with Approved Applications for the Principal Moratorium Arrangement	303	286	8 243

Note 1: Some applications submitted before the end of the application period were approved in April 2024 or later.

Note 2: More than 1 application may be approved for 1 enterprise.

HKMC Insurance Limited, which is responsible for administering and managing the SFGS, does not collate the statistics in respect of the default cases separately by sectors.

As at end February 2025, the number of loans not yet matured and percentage distribution by repayment period are as follows:

Repayment Period	**80% Guarantee Product** Number of Applications	**90% Guarantee Product** Number of Applications	**Special 100% Guarantee Product** Number of Applications
Less than 1 year	0 (0%)	4 (<1%)	0 (0%)
Not less than 1 year but less than 2 years	60 (1%)	136 (1%)	7 (<1%)
Not less than 2 years but less than 3 years	231 (2%)	649 (6%)	42 (<1%)
Not less than 3 years but less than 4 years	1 161 (13%)	2 979 (27%)	739 (1%)
Not less than 4 years but less than 5 years	598 (7%)	795 (7%)	496 (1%)
Not less than 5 years but less than 6 years	3 014 (34%)	6 448 (58%)	9 178 (17%)
Not less than 6 years but less than 7 years	114 (1%)	4 (<1%)	674 (1%)
Not less than 7 years but less than 8 years	3 730 (42%)	0 (0%)	726 (1%)
Not less than 8 years but less than 9 years	2 (2%)	51 (1%)	18 130 (33%)

Repayment Period	**80% Guarantee Product** Number of Applications	**90% Guarantee Product** Number of Applications	**Special 100% Guarantee Product** Number of Applications
Not less than 9 years but less than 10 years (including the corresponding extension of the repayment period due to the principal moratorium arrangement and the partial principal repayment options)	16 (<1%)	0 (0%)	25 581 (46%)

As at end February 2025, the loan amounts and percentage distribution for cases approved but not yet matured under the 80% and 90% Guarantee Products by the effective loan interest rate are as follows:

Effective Loan Interest Rate	Loan Amount ($)
Not higher than 3%	0.6 billion (1%)
Higher than 3% but not higher than 5%	13.6 billion (22%)
Higher than 5% but not higher than 8%	40.4 billion (65%)
Higher than 8% but not higher than 10%	7.8 billion (12%)
Higher than 10%	0.1 billion (<1%)

The annual loan interest rate for the Special 100% Guarantee Product is the Hong Kong Prime Rate, as specified by The Hong Kong Mortgage Corporation Limited from time to time, minus 2.5% (or equivalent), i.e. the effective interest rate is currently 3% per annum.

Among the loans approved for the principal moratorium and the partial principal repayment arrangements under the SFGS, most borrowing enterprises have also applied for extension of the guarantee period at the same time. As at end February 2025, among the more than 110 000 approved loan applications, more than 33 000 applications, involving a loan amount of around $95 billion, had been repaid in full as scheduled; cumulatively 50 093 and 1 943 applications have been approved for the old and new principal moratorium arrangements, involving a loan amount of around $110.1 billion and $4.5 billion respectively; and cumulatively 11 367 applications have been approved for the partial principal repayment options, involving a loan amount of around $27.3 billion. The relevant statistics are as follows:

	80% Guarantee Product (launched in 2012)	90% Guarantee Product (launched in 2019)	Special 100% Guarantee Product (launched in 2020 and the application period ended in end March 2024)
Cumulative Number of Approved Applications for the Old Principal Moratorium Arrangement Note 3 (Percentage of the relevant number of applications approved)	1 601 (11%)	1 557 (15%)	46 935 (72%)
Cumulative Number of Approved Applications for the New Principal Moratorium Arrangement Note 4 (Percentage of the total number of applications approved)	96 (<1%)	167 (1%)	1 680 (3%)
Cumulative Number of Approved Applications for the Partial Principal Repayment Arrangements (Percentage of the relevant number of applications approved)	308 (2%)	665 (6%)	10 394 (16%)
<u>Partial Principal Repayment Options</u> (Percentage of the total number of approved applications for the Partial Principal Repayment Arrangements)			
• Repaying only 10% of the original principal repayment amount per instalment for a period of 12 months	109 (35%)	279 (42%)	4 577 (44%)
• Repaying only 20% of the original principal repayment amount per instalment for a period of 18 months	54 (18%)	178 (27%)	4 314 (41%)
• Repaying only 50% of the original principal repayment amount per instalment for a period of 30 months	0 (0%)	0 (0%)	916 (9%)
• Negotiated with the lending institutions for an alternative partial principal repayment arrangement	145 (47%)	208 (31%)	587 (6%)
• Number of New Loans with Extended Guarantee Period under the New Enhancement Measure Note 5	18	53	Not Applicable
• Number of Existing Loans with Extended Guarantee Period under the New Enhancement Measure Note 5	0	2	Not Applicable

Note 3: The application period of the old principal moratorium arrangement ended on 1 October 2023, hence it is not applicable to the loans approved thereafter.

Note 4: The new principal moratorium arrangement was announced in the 2024 Policy Address, and applications are accepted from 18 November 2024 onwards.

Note 5: The new enhancement measures announced under the 2024 Policy Address have come into effect from 18 November 2024. The relevant figures were the figures as at end February 2025.

- End -

Examination of Estimates of Expenditure 2025-26 | Reply Serial No.

CEDB010

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3257)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the Special 100% Loan Guarantee under the SME Financing Guarantee Scheme(SFGS), the latest loan default rate has risen from about 10% to 13.5%, showing an upward trend. Will the Government inform this Committee of the following:

1. in tabular form, i) the total number of applications received; ii) the number of applications approved and the total amount; and iii) the latest number of default cases and the total amount for the Special 100% Loan Guarantee since its launch;

2. the total amount of the "in malicious default" cases and its percentage share in the total default amount; and

3. the measures that the Government has adopted to reduce the occurrence of "in malicious default" cases and the actual effectiveness in details.

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 43)

Reply:

The Special 100% Guarantee Product of the SME Financing Guarantee Scheme (SFGS) was launched in 2020 and its application period ended in end March 2024. Its cumulative application and default figures as at end February 2025 are as follows:

	Special 100% Guarantee Product Note
Number of Applications Received	72 824
Number of Applications Approved	67 182
Total Loan Amount of Approved Applications ($)	143.8 billion
Number of Default Cases	9 360
Loan Guarantee Amount of Default Cases ($)	20.1 billion

	Special 100% Guarantee Product [Note]
Default Rate	14%

Note: Some applications submitted before the end of the application period were approved in April 2024 or later.

In processing loan applications, the lending institutions will conduct customer due diligence to confirm that the borrowing enterprises could fulfil the eligibility requirements, and submit the verified applications complete with the documents required to HKMC Insurance Limited (HKMCI) (which is responsible for administering and managing the SFGS) for final guarantee approval. HKMCI will also conduct appropriate checks in vetting the applications submitted by the lending institutions, and step up the vetting of suspicious cases, to ensure the prudent use of public money.

As at end February 2025, 3 373 applications of the Special 100% Guarantee Product, involving around $10.1 billion of loans, are found to have involved illegal activities, including using false instruments, providing false information or declarations, etc. Among them, 1 466 cases (involving around $4.9 billion of loans) were already rejected by HKMCI and/or the lending institutions during application assessment, while the other 1 907 cases (involving around $5.2 billion of loans) were found after loan drawdown. HKMCI has taken appropriate actions, including reporting the cases that may have involved illegal activities and providing assistance to the law enforcement agencies, issuing clear guidelines to the participating lending institutions of the SFGS, taking legal actions through the lending institutions, etc.

HKMCI has been working closely with lending institutions on properly handling default cases. In the event that a borrowing enterprise defaults on repayments, the lending institution will first discuss a feasible repayment plan with the borrowing enterprise, e.g. repaying only the interest or part of the principal during a transition period, so that the borrowing enterprise can continue its operation while making a debt restructuring arrangement as soon as possible, with a view to gradually resuming normal repayments.

If the lending institution and the borrowing enterprise could not reach agreement on the repayment or the latter refuses to cooperate, the lending institution will consider taking appropriate recovery/legal actions in accordance with its policy and prevailing commercial practice, including requesting the enterprise and guarantor to repay the loan, filing a petition for winding-up and/or bankruptcy with the court, etc. with a view to reducing the loss of the Government.

As at end February 2025, the cumulative default rate of the Special 100% Guarantee Product under the SFGS was about 14%, lower than the assumed overall default rate (25%). The default rates are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises, etc. The Government and HKMCI will continue to monitor the situation closely.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB011

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1549)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), will the Government inform this Committee:

1. of the following information on the BUD Fund for the 2024-25 financial year: (i) the number of applications received (including green transformation projects and their percentages); (ii) the number of applications approved (including "E-commerce Easy" applications and their percentages), and (iii) the respective funding amounts approved;

2. of the number of beneficiary enterprises of the BUD Fund so far, by cumulative funding amount approved;

3. of the specific details regarding the injection of $1.5 billion in total into the BUD Fund and the Export Marketing and Trade and Industrial Organisation Support Fund, and the streamlining of application arrangements as announced in the Budget;

4. whether the Government will consider raising the funding ceiling of enterprises under the BUD Fund and extending the funding coverage to all Belt and Road countries and even all economies in the world, as well as raising the funding ceiling per enterprise under "E-commerce Easy" and extending the funding scope to cover digital marketing and e-commerce training courses attended by their employees, so as to facilitate upgrading and restructuring of the operations of Hong Kong enterprises. If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHOW Man-kong (LegCo internal reference no.: 33)

Reply:

The implementation of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) in 2024 is as follows:

Number of applications received Note 1 Note 2	7 262
Number of applications approved (including "E-commerce Easy" applications)	2 671
Amount of funding Approved ($)	1.682 billion

Note 1: Applications received may not be processed in the same year. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.

Note 2: We do not have the statistical breakdown related to the green transformation projects involved in the applications received.

As at end February 2025, a total of 329 "E-commerce Easy" applications were received. Excluding applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards, a total of 43 "E-commerce Easy" applications were approved or approved with conditions.

From the BUD Fund's inception in 2012 to end February 2025, the distribution of beneficiary enterprises' cumulative funding amounts approved is as follows:

Cumulative funding amounts approved	**Number of beneficiary enterprises**
Below $1 million	4 979
$1 million or above to below $3 million	1 692
$3 million or above to below $5 million	132
$5 million or above to below $7 million	37
$7 million	1
Total	**6 841**

To continue to support the development of local enterprises and help them go global, the 2025-26 Budget announced the injection of $1.5 billion into the BUD Fund and the Export Marketing and Trade and Industrial Organisation Support Fund (EMTSF) (which covers expenditures of the SME Export Marketing Fund (EMF) and the Trade and Industrial Organisation Support Fund). This injection will be shared equally between the 2 funds. Together with the injection of $1 billion into the BUD Fund announced in the 2024 Policy Address, the Government will inject in total $1.75 billion and $0.75 billion respectively into the BUD Fund and the EMTSF. This is a testament to the Government's unwavering commitment to supporting SMEs continuously despite the current fiscal conditions.

The Government has instituted several enhancement measures with respect to the BUD Fund on 14 March 2025. Firstly, each applicant enterprise can submit 1 "Easy BUD" application every 3 months, instead of 6 months. This will enable enterprises to obtain more timely funding support given the streamlined application and vetting arrangements under "Easy BUD". Besides, the funding scope of "Easy BUD" has been expanded to include establishment of online sales platform. Furthermore, to assist enterprises in coping with trade protectionism and geopolitical tensions, the BUD Fund expressly provides funding support for professional fees associated with the establishment of new business entities. We have also expanded the geographical coverage of "E-commerce Easy" to the 10 countries of the Association of Southeast Asian Nations, and stated in the Guide to Application that the scope of the BUD Fund covers implementation of green transformation projects that assist enterprises in business development. Specific measures include conducting carbon audits for newly developed products to enter target markets, upgrading production lines or applying new technologies to meet the environmental standards or legal requirements of target markets, etc.

To focus our limited resources to equip enterprises for upgrading and transformation, the Government will consolidate the EMF into the BUD Fund upon expiry of the former's special measure on 30 June 2026. This would attain synergy as the BUD Fund could also fund promotional activities in the context of upgrading and transformation. At the same time, to ensure financial sustainability of the 2 funding schemes, the Government has instituted measures on 14 March 2025 such that the BUD Fund and the EMF will be utilised in the most productive manner. Relevant measures include adjustments to the funding ceiling, matching ratio, and rationalisation of other parameters of the BUD Fund and the EMF, as detailed at the **Annex**.

The Government has launched several rounds of enhancements to the BUD Fund since August 2018, including increasing the cumulative funding ceiling per enterprise and expanding its geographical coverage, to strengthen the support for Hong Kong enterprises to develop more diversified markets and enhance their competitiveness. In the past 4 years, the Government raised the cumulative funding ceiling per enterprise under the BUD Fund twice, from $4 million to $6 million in July 2021, and further to $7 million in November 2022. As only an extremely small percentage (about 0.01%) of the beneficiaries has used up the $7 million cumulative funding ceiling, we believe that the current cumulative funding ceiling can meet the future needs of most enterprises.

Following the Government's signing of a free trade agreement (FTA) with Peru in November 2024, the current geographical coverage of the BUD Fund has been expanded to 40 economies with which Hong Kong has signed FTAs and/or investment promotion and protection agreements (IPPAs), including 21 Belt and Road countries. The geographical coverage of the BUD Fund will be further expanded as Hong Kong signs more FTAs or IPPAs in the future.

As at end February 2025, the average funding amount of the approved "E-commerce Easy" applications is about $576,000. We believe that the $1 million cumulative funding ceiling of "E-commerce Easy" can meet the needs of most enterprises. If necessary, an applicant enterprise which has used up the $1 million cumulative funding ceiling of "E-commerce Easy" may apply for the BUD Fund through the general application track for implementing other projects related to e-commerce, though some project measures are subject to budget ratio cap.

“E-commerce Easy” has a broad funding scope, covering a number of e-commerce related measures, including setting up online stores and placing advertisements on third-party online sales platforms, developing and optimising mobile applications and websites, etc. When vetting and approving “E-commerce Easy” funding applications, the Government will holistically take into account factors such as whether the expenditure item falls within the fundable items covered by “E-commerce Easy”, and whether the objectives of the fund and other funding conditions are met. Employees of enterprises taking training courses in digital marketing or e-commerce is a routine measure taken by enterprises to improve staff productivity or skills, and therefore does not fall within the funding scope under “E-commerce Easy”.

- End -

<u>Annex</u>

SME Funding Schemes

Measures for rationalisation of operation and ensuring financial sustainability

<u>Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)</u>

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. Audit fees will also be subject to the matching ratio of 1:3.

(2) Adjusting the initial payment from 75% to 20% of the approved Government funding.

(3) Adjusting the funding ceiling for each approved General and "E-commerce Easy" project from $1,000,000 to $800,000, and limiting the total approved Government funding for an applicant to not exceeding $800,000 at any one time.

(4) Limiting the number of general and "E-commerce Easy" applications that can be submitted by each enterprise to 1 in every 3 months, in line with Easy BUD. Applicants should have fulfilled their obligations for completed projects before their new applications are processed. Batch processing will be adopted for general and E-commerce Easy applications.

(5) Adjustments to fundable items (viz. scope of fundable items under setting up of a new business entity, recruitment of additional manpower, and duration of management fees for placement of advertisements and establishment of online sales platforms).

<u>SME Export Marketing Fund (EMF)</u>

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. There is no change to the funding ceiling per application, $100,000.

(2) Adjusting the initial payment from 75% to 20% of the approved government funding.

(3) Upholding additional requirements on selected expenditure items eligible for the EMF with a view to controlling the maximum amount of funding, including the funding ceiling, validity period of activities, restrictions on the number of repeated applications of a similar nature on certain activities, etc.

CEDB012

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1550)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

Regarding the implementation of the 3 year-long Support Scheme for Pursuing Development in the Mainland (the Scheme) starting from 2022-23 with a total of $135 million allocated to the Hong Kong Trade Development Council (HKTDC), will the Government inform this Committee:

1. of the total number of events organised by the HKTDC in 2024-25, and the specific details of each event (including the respective Mainland cities, the event format, the related sectors, the number of beneficiary Hong Kong entrepreneurs, and the specific results);

2. of the expenditure involved in the Scheme for each year (including administration and event organisation) and the unspent balance as at present; and.

3. that as the Scheme came to its final year in the 2024-25 financial year, whether the Government will consider, for the 2025-26 financial year and onwards, deploying existing resources or adopting other alternatives (such as providing regular or project-based subsidies to the business chambers and associations comprised of Hong Kong residents in the Mainland), so as to provide continued support for Hong Kong people and entrepreneurs to develop the Mainland market? If so, what are the details? If not, what are the reasons for that?

Asked by: Hon CHOW Man-kong (LegCo internal reference no.: 34)

Reply:

Under the Support Scheme for Pursuing Development in the Mainland (the Scheme), the Hong Kong Trade Development Council (HKTDC), in collaboration with relevant Mainland organisations (including government departments, business associations, and youth and start-up organisations, etc.), organised different types of activities to help Hong Kong enterprises on the Mainland understand the latest Mainland policies and measures, and grasp the market opportunities in different regions and industries for developing the Mainland market.

The Government had allocated an additional funding of $45 million per annum from 2022-23 to 2024-25 to HKTDC for implementing the Scheme. More than 460 activities of different types were organised under the Scheme, with the participation of nearly 35 000 enterprise representatives and professionals. In 2024-25, the activities organised under the Scheme included enterprise visits, seminars, missions and experience sharing activities, etc., across more than 30 Mainland cities including Shenzhen, Guangzhou, Beijing, Tianjin, Shenyang, Fuzhou, Jinan, Wuhan, Nanjing, Ningbo, Chengdu, Xian and Urumqi. Themes of the activities covered high-quality development driven by new productive forces, new opportunities from consumption, cooperation in the healthcare industry, design thinking and industrial innovation, and future industries, etc., to assist Hong Kong enterprises in finance, real estate, catering and retail, healthcare, design and innovation and technology sectors in exploring opportunities in the Mainland market.

The Scheme was concluded in 2024-25 as scheduled. HKTDC will consolidate the experiences gained from implementing the Scheme to continue to enhance existing support measures to ensure that its support could meet the trade’s development needs, and continue to support Hong Kong people and enterprises in exploring the Mainland market through different support programmes and promotional activities, including:

- to continue to organise a series of activities and provide support services through the “GoGBA one-stop platform” (the Platform) to assist Hong Kong enterprises in building network and promoting business opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), and to provide them with the latest policy updates and economic and trade information about the GBA market. Since the launch of the Platform in 2021 until end-February 2025, over 120 activities including online and physical sharing sessions, consultation meetings and business missions, etc. had been organised, serving nearly 9 000 people to help them explore opportunities in the GBA. The Platform’s GoGBA website and mobile app providing business policy and practical information online about the GBA are very popular among users, having recorded over 5 million views so far. In addition, the network of “GoGBA Business Support Centres” has already covered all 9 Mainland cities in the GBA since 2023-24, with centres set up in Qianhai and Futian (Shenzhen), Nansha (Guangzhou), Zhuhai, Dongguan, Zhongshan, Foshan, Jiangmen, Zhaoqing and Huizhou, to provide more comprehensive support services for Hong Kong enterprises;

- to organise and participate in various large-scale promotion events in the GBA and other regions to continue to help Hong Kong enterprises grasp opportunities in the Mainland market. For example, the Resolve2Win campaign was held in Shenzhen and Foshan from 6 to 8 August 2024 to analyse and present the advantages of Hong Kong’s international legal and dispute resolution services; and SmartHK, a flagship promotion activity, was held in Nanjing on 28 August 2024 to promote cooperation of Hong Kong start-ups and technology companies with Jiangsu Province in research, development and manufacturing through business matching and pitching, etc.;

- to set up Hong Kong pavilions and organise Hong Kong enterprises to participate in major Mainland exhibitions to promote Hong Kong products and professional services. Past examples included the China International Consumer Products Expo in Haikou (Hainan Province) in April 2024, the China International Import Expo in Shanghai and the China Hi-Tech Fair in Shenzhen in November 2024; and

- HKTDC's Design Gallery has established 70 physical points of sale in 22 Mainland cities and set up online shops on Mainland electronic commerce (e-commerce) platforms to assist Hong Kong enterprises in promoting their creative designs and high-quality innovative products to Mainland consumers.

Apart from the above services, in 2025-26, HKTDC will:

- set up a new "GoGBA Business Support Centre" in Macao;

- organise a GoGBA mission to Dongguan to help small and medium enterprises (SMEs) in the manufacturing sector to understand the latest situation of how Mainland enterprises maintain their competitiveness through the use of innovative technologies;

- launch "GoGBA Coffee & Chat" to provide a series of interactive small group consultation sessions targeting specific practical issues and invite experts to provide SMEs with in-depth analyses on and practical guidance in doing business in the GBA;

- organise a "Fashion Go Places" mission to Guangzhou and Dongguan to assist the fashion industry in expanding business network; and

- implement "E-Commerce Express" to strengthen support for SMEs to tap into the Mainland market through e-commerce.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB013

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1551)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Policy Address in October 2024 announced a reduction of liquor duty. Regarding the initiative to "continue to support the further development of wine and liquor-related businesses in Hong Kong", will the Government inform this Committee:

1. of the changes in the import and export volumes of liquors before and after the announcement of the reduction of liquor duty since 2024; and

2. given that the Secretary for Commerce and Economic Development mentioned earlier in an interview that hopefully Hong Kong would, following the reduction of duty on high-end liquors, develop into a trading hub for high-end liquors, thereby boosting various sectors from catering and hotel to logistics and warehousing, of any concrete plans for the Government to take forward the relevant work in the coming year and the manpower and administrative expenses to be involved?

Asked by: Hon CHOW Man-kong (LegCo internal reference no.: 35)

Reply:

Since the reduction of duty rate on high-end liquor until late February this year (i.e. a 4.5-month period), we note that the volume of duty-paid liquor imported (in litre) rose by more than 40% as compared with the 4.5-month period before the reduction of duty rate, while its value went up significantly by 1.3 times, reflecting that the two tier system introduced by the Government is effective in boosting high-end liquor trading. Moreover, the trade grasped the opportunity brought about by the reduction of liquor duty and organised various kinds of wine and spirits fairs, in which the proportion of liquor on sale has evidently risen. Some liquor traders have also lowered the prices of liquors. The response of the market has been positive.

As a "super-connector" and "super value-adder", Hong Kong not only provides an important trading platform for Mainland liquor traders, assists Mainland liquor brands to "go global", but also assists foreign liquor brands to enter the Mainland market. For example, the Hong Kong Tourism Board and the Hong Kong Trade Development Council (HKTDC) organised the Hong Kong Wine and Dine Festival and the Hong Kong International Wine and Spirits Fair (Wine and Spirits Fair) respectively in late 2024, attracting wine traders from different regions. Taking the Wine and Spirits Fair organised by the HKTDC as an example, it attracted over 600 exhibitors from 20 countries and regions. About 20% of the exhibitors came from the Mainland and about 70% of the exhibitors came from overseas. The Irish Whiskey Association even made its first appearance at the Wine and Spirits Fair in Hong Kong. As for the participants, the Wine and Spirits Fair also attracted over 8 200 buyers from 61 countries and regions to visit and source different alcoholic beverages, including liquors, showing that Hong Kong plays a positive role in connecting the Mainland and international liquor markets and fostering trading of liquor.

In addition, the Government will, through the overseas Hong Kong Economic and Trade Offices (ETOs) and the Mainland Offices, continue to actively disseminate information about Hong Kong's liquor market and introduce the liquor duty reduction initiative to liquor traders in different regions with a view to attracting more Mainland and international liquor traders to use Hong Kong as a sales platform and logistics hub in the region. For example, the London ETO helped organise a seminar in January this year to explore the opportunities brought about by liquor duty reduction. Furthermore, the Beijing Office also promoted the advantages in developing liquor business in Hong Kong to local liquor enterprises. The ETOs and Mainland Offices will continue to introduce the Hong Kong liquor market through meetings with representatives from different business sectors or participating in different events.

Promoting and facilitating the liquor trade is part of the work of the Commerce and Economic Development Bureau. The expenditure has been subsumed under the overall establishment and estimate and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB014

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1552)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title) :	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie Wong)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

Regarding the work of the Belt and Road Office (BRO), will the Government inform this Committee of the following:

1. What are the current establishment and strength of the BRO by rank?

2. What are the details of the work of the BRO in 2024-25 (such as collaboration with partners including the Hong Kong Trade Development Council, organisation of outbound missions, as well as various events to further the Belt and Road (B&R) Initiative) and their effectiveness?

3. What is the preliminary work plan of the BRO for 2025-26?

4. During the Asia-Pacific Economic Co-operation Economic Leaders' Meeting held in last November, representatives of the HKSAR Government, participating in the name of Hong Kong, China, signed a Free Trade Agreement (FTA) with the Peruvian counterparts. This is the ninth FTA signed by Hong Kong, and the second FTA forged with Latin American economies. Are there any plans to enhance the relevant policies and resource orientation, with a view to strengthening the ties of Hong Kong enterprises with the markets in Peru and other Latin American economies, and facilitating business expansion by Peruvian enterprises in the markets of Hong Kong and the entire Greater Bay Area (GBA), thereby fostering interactions between the two places and consolidating Hong Kong's role as an international trade centre? If yes, what are the details?

5. The political systems, demographic and economic structures, cultures and customs, languages, business environments, etc. of emerging markets including Latin America are different in nature from those of the traditional trading partners (such as European countries and the US) with which Hong Kong enterprises have been in contact. In view of the above, how will the BRO strengthen its role as a "facilitator", by organising more

online or physical exhibitions to introduce the market development trends and customs of the B&R economies including the related Latin American countries, as well as promoting cross-bureau collaboration on nurturing talents proficient in foreign languages including Spanish, in a bid to better prepare Hong Kong enterprises for market promotion? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHOW Man-kong (LegCo internal reference no.: 36)

Reply:

The Government is committed to consolidating Hong Kong's role as the functional platform for the Belt and Road (B&R) Initiative and deepening the co-operation with B&R countries through various measures. We, together with businesses and professional services sectors, will further cultivate the Association of Southeast Asian Nations (ASEAN) and Middle East markets, as well as exploring opportunities in Central Asia, South Asia, and North Africa, to help drive all-round, multi-field collaboration for mutual benefit to Hong Kong and B&R countries and regions, thereby laying a solid foundation for long-term exchange and co-operation.

The Belt and Road Office (BRO) of the Commerce and Economic Development Bureau has liaised closely with Consul Generals from B&R countries in Hong Kong, representatives of professional bodies and enterprises and other relevant stakeholders to keep abreast of the potential for co-operation in the B&R region, with a view to better assisting businesses to explore B&R business opportunities.

In 2024-25, the Government had deepened the co-operation with B&R countries through a range of measures, including:

- Expanding economic and trade networks – The Government continued to expand our economic and trade networks, with a view to facilitating Hong Kong enterprises and investors in expanding into the B&R markets and promoting the long-term economic development of Hong Kong. Currently, the Government has 16 offices/liaison units in the Mainland and 14 overseas Hong Kong Economic and Trade Offices (ETOs). Together with the offices of Invest Hong Kong (InvestHK) and the Hong Kong Trade Development Council (HKTDC) worldwide, Hong Kong has set up offices in 68 cities around the world, covering 129 countries. The Government is following up actively on the establishment of ETOs in Kuala Lumpur, Malaysia and Riyadh, Saudi Arabia. In addition, since the current-term Government took office, InvestHK set up consultant offices in Nairobi, Kenya and Almaty, Kazakhstan in 2022, Cairo, Egypt in 2024, and Izmir, Türkiye in January this year to explore emerging markets in the regions. HKTDC has also set up a consultant office in Phnom Penh, Cambodia.

- Negotiating and signing bilateral agreements – Hong Kong has signed agreement on 9 Free Trade Agreements (FTAs) with 21 economies (including B&R economies) so far, and will continue to seek to enter into FTAs with other economies. Hong Kong has also signed 24 Investment Promotion and Protection Agreements (IPPAs) with 33 overseas economies (including B&R economies), and is negotiating IPPAs with Bangladesh and Saudi Arabia with a view to concluding the negotiations as soon as possible.

- Organising outbound missions – BRO and the Ministry of Commerce co-led a Mainland cum Hong Kong business mission to visit Hungary and Kazakhstan and returned via Xinjiang on 16-25 May 2024 to encourage Hong Kong and Mainland enterprises as well as Hong Kong's professional services in jointly exploring the B&R markets and seeking collaboration with the relevant B&R countries.

  The Chief Executive led a delegation (including Secretary for Commerce and Economic Development (SCED) and Commissioner for Belt and Road (CBR)) to visit Laos, Cambodia and Vietnam on 28 July to 2 August 2024, during which a total of 55 memoranda of understanding and agreements were signed and 5 results were achieved, including strengthening government-to-government relations and communications; reaching consensus on areas of development and co-operation; consolidating and expanding business networks, injecting new impetus to open up new horizons and opportunities; enhancing a shared strong will to jointly promote the B&R Initiative; and reaffirming the 3 countries' continuous support for Hong Kong's accession to the Regional Comprehensive Economic Partnership.

  The Financial Secretary (FS) led a delegation (including CBR) to visit Saudi Arabia on 28 to 31 October 2024 and participated in the 8th Future Investment Initiative Conference to strengthen and deepen connections between Hong Kong and the Middle East in trade, finance, and innovation and technology. FS delivered a speech in the themed session titled "Where is the New Silk Road?" and CBR also spoke on the panel during the session.

  SCED led a business delegation (including CBR) to visit Urumqi on 4-6 December 2024 to promote Hong Kong's business opportunities, and met with government officials of the Xinjiang Uyghur Autonomous Region and Kazakhstan to exchange views on promoting economic and trade co-operation among the 3 places, with a view to jointly exploring the full range of opportunities arising from the B&R Initiative. The delegation attended a co-operation and exchange forum between China (Xinjiang, Hong Kong) and Kazakhstan to promote Hong Kong's advantages and participated in sharing sessions focusing on various areas including cultural exchanges, energy industries, digital economy, commerce and logistics and finance, with a view to promoting economic and trade co-operation and people-to-people exchanges among the 3 places. The delegation also visited local enterprises to gain an understanding of the development of the related industries.

- Organising major events – BRO has organised 10 exchange sessions since November 2023, inviting Consul Generals from B&R countries in Hong Kong, as well as representatives of professional bodies and enterprises, to share the opportunities and relevant experiences in B&R countries.

  In April 2024, BRO partnered with NEOM of Saudi Arabia to organise the "Discover NEOM Hong Kong" roadshow, which attracted around 1 100 participants, including enterprises, investors and professional representatives from the Mainland (including the Greater Bay Area (GBA)) and Hong Kong. During the roadshow, BRO organised 2 business matching sessions, facilitating potential collaborations of around 40 Hong Kong and Mainland enterprises with NEOM.

The B&R Summit (the Summit) is the flagship platform for Hong Kong to participate in and contribute to the B&R Initiative. The 9th Summit, held on 11-12 September 2024, attracted around 6 000 government officials, business leaders and representatives from enterprises from over 70 B&R countries and regions.

BRO organised the B&R Cross-professional Forum on 14 February 2025 to promote Hong Kong's professional services to deepen the sectors' collaboration with business communities of B&R countries and the Mainland. It also provided a platform for enterprises from the 3 sides to exchange views on collaboration projects in various areas such as multinational supply chain management and construction, with a view to jointly seizing new opportunities brought by the B&R. It attracted over 250 business participants from Hong Kong, the Mainland and B&R countries.

Furthermore, since the signing of the FTA between Hong Kong and Peru in November 2024, we have actively promoted the agreement through a series of promotional activities. These include organising and participating in seminars, receptions, and exhibitions, launching a dedicated website, issuing trade circulars, and distributing promotional materials. These efforts aim to introduce the content, benefits and implementation arrangements of the agreement. We encourage the business sector to seize the opportunities presented by the agreement to expand their operations in Peru and, through Peru (as well as Chile and Mexico, our FTA/IPPA partners), into the broader Latin American market. Meanwhile, we are using these promotional activities to inform Latin American enterprises about the benefits of the agreement for the business community, thereby fostering trade and investment co-operation.

The "Dedicated Fund on Branding, Upgrading and Domestic Sales" (BUD Fund) supports enterprises in developing their business in economies that have signed FTAs and/or IPPAs with Hong Kong. Following the signing of the FTA between Hong Kong and Peru in November 2024, the geographical scope of the BUD Fund has extended to include 40 economies (including Chile, Mexico, and Peru), further supporting enterprises in exploring more diverse markets.

InvestHK will continue to actively provide the latest information about Hong Kong's business environment to overseas enterprises, including those from Latin America. It will promote Hong Kong's unique advantages under the "One Country, Two Systems" principle, such as "backed by the Motherland, connected to the world", along with other core advantages. InvestHK will also highlight the vast opportunities brought by key national strategies like the development of the GBA and the B&R Initiative, aiming to attract these enterprises to establish or expand their businesses in Hong Kong. For example, InvestHK plans to visit Medellín, Colombia; Lima, Peru; and Buenos Aires, Argentina in 2025, and co-organise investment promotion activities with local chambers of commerce to strengthen investment promotion efforts in Latin America.

As at 28 February 2025, the staff establishment of BRO was 19 and the strength was 17. The establishment of the 19 posts included the CBR, 1 Administrative Officer Staff Grade B, 2 Senior Administrative Officers, 5 Trade Officers/Senior Executive Officer/Senior Information Officer, 3 Executive Officer I/Assistant Trade Officers II and 7 officers of Clerical and Secretarial Grades/Motor Driver.

In 2025-26, BRO will continue to organise outbound missions, project matching events, exchange and interface on B&R capacity building, and exchange sessions and seminars, etc., to capitalise on our role as a B&R functional platform and showcase the strengths of our professional services, thereby helping Hong Kong enterprises and professional services explore B&R business opportunities. We will partner with businesses and professional services sectors to further cultivate the ASEAN and Middle East markets, as well as exploring opportunities in Central Asia, South Asia, and North Africa. BRO will organise the 10th Summit in September 2025 and encourage different sectors to hold events around the Summit period for enhancing synergies. In addition, BRO will also explore the feasibility to establish a B&R capacity building centre to link up with a series of other B&R platforms created by Hong Kong, with a view to forging ties with B&R countries and regions using our soft power in a range of professional services, thereby paving early the way for pursuing opportunities in economic development and co-operation in future.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB015

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1895)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (4) Broadcasting

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As shown under Programme (4), the revised estimate for 2024-25 is 151.8% higher than the original estimate. Please inform this Committee of the following:

1. What is the reason for the increase in operating expenses? What are the results of the projects involved and the amount of manpower involved?

2. The Government announced in 2024 the purchase of the broadcasting rights for the Paris Olympic Games, which were broadcast by Radio Television Hong Kong (RTHK) and 3 licensed television (TV) stations, so as to let the whole Hong Kong community enjoy the Olympic events. To this end, RTHK launched a new TV channel, RTHK TV 36, to relay the events to the public for free. Has the Government compiled statistics on the expenditure and manpower involved in upgrading the common antenna broadcast distribution (CABD) systems and acquiring suitable digital terrestrial television (DTT)receivers for reception of signals from RTHK TV 36?

3. What results have been achieved through the installation of the receivers? What was the penetration rate of RTHK TV 36's broadcast service?

4. Will the Government consider establishing procedures to provide support, including various forms of subsidies, for stakeholders such as free digital TV broadcasters, TV programme service providers, contractors and property management companies to raise the penetration rate of RTHK TV 36, with a view to reserving a dedicated channel and programme hours for relaying the 15th National Games, including the competition events to be held in Guangdong, Macao and Hong Kong?

Asked by: Hon FOK Kai-kong, Kenneth (LegCo internal reference no.: 20)

Reply:

The revised estimate of Commerce and Economic Development Bureau under Programme (4) for 2024-25 is about $13 million (151.8%) higher than the original estimate for 2024-25, mainly due to provision of resources to Radio Television Hong Kong (RTHK) for the following projects: (i) producing, promoting and publicising the live broadcast and pre-recorded programmes on inter-school games to promote sports culture; (ii) deploying artificial intelligence (AI) technologies and systems, including simultaneous provision of textual summaries for major announcement of the Government, developing AI sign language system, etc. so as to enhance the production efficiency in broadcasting through technology; and (iii) organising training class of "I Am DJ" to nurture new generation of broadcast talents. The above projects have been rolled out smoothly as scheduled. The relevant provisions do not involve creation of new posts.

Last year, RTHK set up designated TV 36 to enable Hong Kong citizens to watch the Olympics Games round the clock. Prior to the launch of TV 36, RTHK had proactively approached the relevant building management associations and organisations to encourage building management companies to upgrade the communal aerial broadcast distribution systems (CABD systems) in the buildings under their management, and provide information on the CABD system contractors and channel rescanning, so as to assist the public in receiving RTHK TV 36 channel signal. RTHK does not have information on the cost of installing relevant reception facilities. RTHK TV 36 currently covers 99% of the Hong Kong population.

RTHK will promote, produce programmes and live broadcast the 15th National Games (NG) and the 12th National Games for Persons with Disabilities and the 9th National Special Olympic Games to be held in November and December 2025. RTHK plans to broadcast the competitions and programmes on RTHK TV 36. Before the NG, RTHK will step up publicity to encourage building management companies to conduct system upgrading works for those buildings that are yet to upgrade the CABD Systems, so as to assist the public in reception of RTHK TV 36 channel signal, enabling more people to watch the competitions broadcast on the concerned channel. RTHK will review the long-term development of RTHK TV 36 in a timely manner having regard to relevant factors such as actual needs, operation and resources, etc.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB016

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1447)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In paragraph 113 of the Budget Speech, it is mentioned that the Government will inject $1.5 billion in total into the Dedicated Fund on Branding, Upgrading and Domestic Sales and the Export Marketing and Trade and Industrial Organisation Support Fund, and streamline application arrangements. In this connection, will the Government inform this Committee of the following:

1. What are the numbers of applications of the 2 funds in each of the last 3 years?

2. Further to the above, what are the numbers of successful applications of the 2 funds and the funding amount involved for each of the approved projects during the same period? Please set out the figures in tabular form and by industry.

3. The Government has launched "Easy BUD" to simplify the arrangements for application and approval process. What are the changes in the numbers of applications received and approved since its launch until March 2025? How will its effectiveness be measured?

4. The provision of funding under "E-commerce Easy" is for small and medium enterprises to leverage e-commerce to promote their products to the Mainland. How many enterprises have been benefited?

Asked by: Hon HO King-hong, Adrian Pedro (LegCo internal reference no.: 6)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)

The implementation of the BUD Fund in the past 3 years is as follows:

	2022	2023	2024
Number of applications received Note 1	2 637	4 739	7 262
Number of applications approved	1 335	1 690	2 671
Average funding amount per approved application ($)	716,000	679,000	630,000
Major beneficiary sectors (in descending order of the number of applications approved)	1. Wholesale and Retail 2. Import and Export Trade 3. Electronics 4. Information Technology 5. Textiles and Clothing	1. Wholesale and Retail 2. Import and Export Trade 3. Information Technology 4. Textiles and Clothing 5. Electronics	1. Wholesale and Retail 2. Import and Export Trade 3. Information Technology 4. Electronics 5. Textiles and Clothing

Note 1: Applications received may not be processed in the same year. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.

From the launch of "Easy BUD" under the BUD Fund in June 2023 to end February 2025, a total of 1 855 applications were received (including applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards) and a total of 592 applications were approved. The funding scope of "Easy BUD" mainly includes online and offline advertising and promotion, testing/certification services, patent/trademark registration application, etc., aiming at providing timely funding support for enterprises to upgrade and promote their products. The effectiveness of these projects varies according to factors such as an enterprise's promotional strategy and product nature.

Besides, from the launch of "E-commerce Easy" in July 2024 to end February 2025, applications have been approved for a total of 30 beneficiary enterprises.

The Export Marketing and Trade and Industrial Organisation Support Fund (EMTSF)

The EMTSF covers the expenditure of the SME Export Marketing Fund (EMF) and the Trade and Industrial Organisation Support Fund (TSF).

The implementation of the EMF in the past 3 years is as follows:

	2022	2023	2024
Number of applications received Note 2	21 496	29 863	30 918
Number of applications approved	15 888	21 105	24 875
Average funding amount per approved application ($)	20,869	27,855	32,517
Major beneficiary sectors (in descending order of the number of applications approved)	1. Wholesale and Retail 2. Import and Export Trade 3. Jewellery 4. Printing and Publishing 5. Electronics	1. Wholesale and Retail 2. Import and Export Trade 3. Jewellery 4. Electronics 5. Printing and Publishing	1. Wholesale and Retail 2. Import and Export Trade 3. Jewellery 4. Electronics 5. Printing and Publishing

Note 2: Applications received may not be processed in the same year. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.

The implementation of the TSF in the past 3 years is as follows:

	2022	2023	2024
Number of applications received Note 3	33	43	34
Number of applications approved	18	20	18
Average funding amount per approved application ($)	1.78 million	1.98 million	1.69 million
Major beneficiary sectors (in descending order of the number of applications approved)	1. Information Technology 2. Fabricated metal products 3. Transport and logistics 4. Cross-industry 5. Industrial machinery	1. Textiles and Clothing 2. Tooling and casting 3. Footwear 4. Toys 5. Auto parts	1. Cross-industry 2. Industrial machinery 3. Fabricated metal products 4. Gifts 5. 3D Printing

Note 3: Applications received may not be processed in the same year. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB017

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1448)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

Regarding the 80% and 90% Guarantee Products and the Special 100% Loan Guarantee for Enterprises under the SME Financing Guarantee Scheme (SFGS), will the Government inform this Committee of:

1. the number of loan applications submitted by enterprises under the SFGS in each of the past 12 months; the average and median loan amounts approved for applicant enterprises; and the industry distribution of applicant enterprises and the respective numbers of employees involved;

2. the total loan amount approved under the SFGS and the related interest rate in each of the past 5 financial years;

3. the latest default rates, amounts and numbers of enterprises involved for the 80% and 90% Guarantee Products and the Special 100% Loan Guarantee for Enterprises respectively; and

4. noting the default on repayments by some enterprises, the measures the Government put in place to recover the money or assist enterprises in loan restructuring and repayment arrangements, as well as the effectiveness of the Taskforce on SME Lending established by the Hong Kong Monetary Authority and the Hong Kong Association of Banks in helping the cash flow situation of small and medium enterprises?

Asked by: Hon HO King-hong, Adrian Pedro (LegCo internal reference no.: 7)

Reply:

Having consulted the Hong Kong Monetary Authority (HKMA), our consolidated reply is as follows.

In the past 12 months, (i) the number of applications approved per month; (ii) the average approved loan amount per enterprise; (iii) the number of approved applications by beneficiary sectors; and (iv) the number of benefitted employees of the various guarantee products of the SME Financing Guarantee Scheme (SFGS) re as follows:

	80% Guarantee Product (launched in 2012)	**90% Guarantee Product (launched in 2019)**	**Special 100% Guarantee Product Note (launched in 2020 and the application period ended in end March 2024)**
March 2024 - Number of Applications Approved - Average Approved Loan Amount Per Enterprise ($)	179 3.35 million	297 1.68 million	280 3.47 million
April 2024 - Number of Applications Approved - Average Approved Loan Amount Per Enterprise ($)	133 3.15 million	261 1.78 million	331 3.13 million
May 2024 - Number of Applications Approved - Average Approved Loan Amount Per Enterprise ($)	189 3.26 million	368 1.49 million	183 2.36 million
June 2024 - Number of Applications Approved - Average Approved Loan Amount Per Enterprise ($)	188 3.49 million	387 1.54 million	30 2.87 million
July 2024 - Number of Applications Approved - Average Approved Loan Amount Per Enterprise ($)	162 3.94 million	397 1.45 million	5 0.2 million
August 2024 - Number of Applications Approved - Average Approved Loan Amount Per Enterprise ($)	179 4.04 million	386 1.48 million	45 4.31 million
September 2024 - Number of Applications Approved - Average Approved Loan Amount Per Enterprise ($)	198 3.74 million	311 1.54 million	25 4.36 million

	80% Guarantee Product (launched in 2012)	90% Guarantee Product (launched in 2019)	Special 100% Guarantee Product Note (launched in 2020 and the application period ended in end March 2024)
October 2024 - Number of Applications Approved - Average Approved Loan Amount Per Enterprise ($)	 156 3.69 million	 298 1.46 million	 26 2.62 million
November 2024 - Number of Applications Approved - Average Approved Loan Amount Per Enterprise ($)	 159 3.58 million	 338 1.5 million	 24 1.21 million
December 2024 - Number of Applications Approved - Average Approved Loan Amount Per Enterprise ($)	 211 3.43 million	 396 1.47 million	 17 0.59 million
January 2025 - Number of Applications Approved - Average Approved Loan Amount Per Enterprise ($)	 154 3.42 million	 353 1.38 million	 31 2.61 million
February 2025 - Number of Applications Approved - Average Approved Loan Amount Per Enterprise ($)	 180 3.91 million	 298 1.59 million	 34 2.32 million
Number of Approved Applications by Beneficiary Sectors • Trading, Wholesale and Retail • Engineering and Construction • Manufacturing • Others (e.g. Catering, Transportation)	 910 (44%) 137 (6%) 85 (4%) 956 (46%)	 1 786 (44%) 385 (9%) 94 (2%) 1 825 (45%)	 318 (31%) 71 (7%) 48 (5%) 594 (57%)
Number of Benefitted Employees	11 572	19 303	5 789

Note: Some applications submitted before the end of the application period were approved in April 2024 or later.

From April 2020 to end February 2025, the loan amounts of the approved applications of the 80%, 90% and Special 100% Guarantee Products of the SFGS were about $44.8 billion, $26.4 billion and $143.8 billion respectively; the average interest rates of the 80% and 90% guarantee products were 6.3% and 6.5%; and the annual loan interest rate for the Special 100% Guarantee Product is the Hong Kong Prime Rate, as specified by The Hong Kong Mortgage Corporation Limited from time to time, minus 2.5% (or equivalent), i.e. the effective interest rate is currently 3% per annum.

As at end February 2025, the cumulative loan guarantee amounts of default cases of the 80%, 90% and Special 100% Guarantee Products under the SFGS were about $4.9 billion, $1 billion and $20.1 billion respectively, and the cumulative default rates were about 5.1%, 3.8% and 14% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). The default rates are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises, etc. The Government and HKMC Insurance Limited (HKMCI), which is responsible for administering and managing the SFGS, will continue to monitor the situation closely. HKMCI does not collate the statistics in respect of the default cases separately by sectors.

HKMCI has been working closely with lending institutions on properly handling default cases. In the event that a borrowing enterprise defaults on repayments, the lending institution will first discuss a feasible repayment plan with the borrowing enterprise, e.g. repaying only the interest or part of the principal during a transition period, so that the borrowing enterprise can continue its operation while making a debt restructuring arrangement as soon as possible, with a view to gradually resuming normal repayments.

If the lending institution and the borrowing enterprise could not reach agreement on the repayment or the latter refuses to cooperate, the lending institution will consider taking appropriate recovery or legal actions in accordance with its policy and prevailing commercial practice, including requesting the enterprise and guarantor to repay the loan, filing a petition for winding-up and/or bankruptcy with the court, etc. with a view to reducing the loss of the Government.

The participating banks in the Taskforce on SME Lending, which is established by the HKMA and the Hong Kong Association of Banks in August 2024, have been actively implementing all 14 measures to support small and medium enterprises (SMEs) as introduced last year. As at end January 2025, more than 35 000 SMEs have benefitted from various support measures, involving an aggregate credit limit of over $84 billion. Among others, banks:

- provided credit reliefs (including principal moratorium and partial principal repayment) to over 8 600 SMEs, involving an aggregate amount of over $34.8 billion;

- approved over 11 700 credit applications from SMEs, providing over $49.2 billion of funds for their cash flow and business expansion; and

- continued to provide fee waivers and concessions to over 14 700 SMEs to ease their expenditure, including concessions on credit application fees, commitment fees and interest.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB018

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1463)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

To promote the development of the local convention and exhibition industry and the mega event economy, the Government provides venue rental subsidies to organisers of eligible recurrent exhibitions under the Incentive Scheme for Recurrent Exhibitions (the Scheme). In this connection, will the Government inform this Committee of:

1. with respect to the exhibitions subsidised by the Scheme, the respective names of the organisers, numbers of exhibitions held, venues and dates of the events, types of industry concerned, numbers of local and overseas exhibitors, numbers of buyers, and amounts of subsidy granted in each of the past 3 financial years;

2. the total numbers of applications received, approved and rejected under the Scheme in the past 3 financial years and the main reasons for rejecting applications;

3. whether the Government has assessed the contribution made by the subsidised exhibitions to the local economy (e.g. the economic benefits generated for industries such as tourism, hotel and retail) in the past 3 financial years; if yes, of the details; if not, of the reasons;

4. the measures currently in place to promote the Scheme to local and international exhibition organisers, and the expenditures and results of the relevant measures; and

5. the future specific plans of the Government to attract exhibitions that have never been held in Hong Kong to come here, so as to explore new markets and bring in more capital?

Asked by: Hon HO King-hong, Adrian Pedro (LegCo internal reference no.: 22)

Reply:

The Government launched the Incentive Scheme for Recurrent Exhibitions (ISRE) on 1 July 2023. As at end February 2025, ISRE supported 174 exhibitions of different scales and organised by private organisers at the Hong Kong Convention and Exhibition Centre (HKCEC) or the AsiaWorld-Expo (AWE) (examples include the annually held JMA Hong Kong International Jewelry Show and Cosmoprof Asia). The total incentive involved was $896 million, with an average incentive of about $5.15 million approved for each exhibition. The maximum incentive for each eligible exhibition is capped at $20 million. We have promulgated the Application Guide setting out clearly the requirements of eligible exhibitions under ISRE. All applications received so far have met the eligibility criteria. The exhibitions supported by ISRE have attracted numerous participants, including exhibitors and buyers, benefitting the convention and exhibition (C&E) industry, while bringing in high-spending business travellers that drive economic activities in such related sectors as accommodation, catering, retail and entertainment, thereby benefitting various industries.

With the success of the existing ISRE in facilitating the full recovery of the C&E industry after the pandemic, to further consolidate Hong Kong's position as an international trade centre, the 2024 Policy Address announced that the Government would allocate an additional provision of $500 million for implementing the ISRE 2.0, focusing on attracting new and recurrent international exhibitions of a large scale, so as to further promote the development of the C&E industry and the mega event economy, thereby generating overall economic benefits for Hong Kong. To this end, we have engaged the major stakeholders of the C&E industry, and worked out the arrangements for the ISRE 2.0 taking into account the views received and the operational experience of the existing ISRE.

Same as the existing scheme, the ISRE 2.0 will only subsidise venue rentals of eligible exhibitions organised by private organisers at the specified venues. The ISRE 2.0 aims at attracting more new and recurrent international exhibitions of a large scale, boosting the vibrancy of the C&E industry in Hong Kong. Some new features will be introduced under the new scheme, including:

- only international exhibitions attracting at least 1 500 non-local participants (including exhibitors and buyers) will be covered;

- the maximum incentive for each eligible exhibition will be capped at $10 million; and

- the Central Harbourfront Event Space and relevant parts of the West Kowloon Cultural District will be designated as specified venues, alongside the HKCEC and AWE.

All of the above will enable the ISRE 2.0 to focus on international events, benefit more eligible exhibitions and offer more venue options to the organisers. A press release was issued to announce the above arrangements on 24 January. We will work out the Application Guide on the eligibility criteria for the ISRE 2.0 and will announce the details after engaging the major stakeholders.

The ISRE 2.0 will be launched on 1 July this year subject to the Legislative Council's funding approval, while the existing ISRE will terminate on the same day. We will continue to keep in touch and collaborate with the C&E industry so as to encourage more organisers to stage exhibitions in Hong Kong.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB019

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1582)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the "Incentive Scheme for Recurrent Exhibitions (ISRE)" under Programme (2), will the Government inform this Committee of the following:

1. The amount of incentives approved and the number of exhibitions subsidised under the ISRE in the past 3 years;

2. Please set out the details of all exhibitions subsidised by the ISRE in the past 3 years, such as the scale of the exhibitions (e.g. footfall/number of exhibitors), the amount of incentives granted, the location and duration of the exhibitions;

3. The Government is planning to launch the ISRE 2.0. What are the expected annual expenditure (with a breakdown by the amount of incentives and administrative expenses) and the number of exhibitions eligible for the incentives?

4. Whether the Government will introduce new requirements to the ISRE 2.0, such as requiring the origins of overseas exhibitors and visitors to meet certain thresholds, e.g. from at least 5 to 10 different regions/countries from overseas, in order to encourage the staging of more large-scale international exhibitions in Hong Kong.

Asked by: Hon HONG Wen, Wendy (LegCo internal reference no.:7)

Reply:

The Government launched the Incentive Scheme for Recurrent Exhibitions (ISRE) on 1 July 2023. As at end February 2025, ISRE supported 174 exhibitions of different scales and organised by private organisers at the Hong Kong Convention and Exhibition Centre (HKCEC) or the AsiaWorld-Expo (AWE) (examples include the annually held JMA Hong Kong International Jewelry Show and Cosmoprof Asia). The total incentive involved was

$896 million, with an average incentive of about $5.15 million approved for each exhibition. The maximum incentive for each eligible exhibition is capped at $20 million. The exhibitions supported by ISRE have attracted numerous participants, including exhibitors and buyers, benefitting the convention and exhibition (C&E) industry, while bringing in high-spending business travellers that drive economic activities in such related sectors as accommodation, catering, retail and entertainment, thereby benefitting various industries.

With the success of the existing ISRE in facilitating the full recovery of the C&E industry after the pandemic, to further consolidate Hong Kong's position as an international trade centre, the 2024 Policy Address announced that the Government would allocate an additional provision of $500 million for implementing the ISRE 2.0, focusing on attracting new and recurrent international exhibitions of a large scale, so as to further promote the development of the C&E industry and the mega event economy, thereby generating overall economic benefits for Hong Kong. To this end, we have engaged the major stakeholders of the C&E industry, and worked out the arrangements for the ISRE 2.0 taking into account the views received and the operational experience of the existing ISRE.

Same as the existing scheme, the ISRE 2.0 will only subsidise venue rentals of eligible exhibitions organised by private organisers at the specified venues. The ISRE 2.0 aims at attracting more new and recurrent international exhibitions of a large scale, boosting the vibrancy of the C&E industry in Hong Kong. Some new features will be introduced under the new scheme, including:

- only international exhibitions attracting at least 1 500 non-local participants (including exhibitors and buyers) will be covered;

- the maximum incentive for each eligible exhibition will be capped at $10 million; and

- the Central Harbourfront Event Space and relevant parts of the West Kowloon Cultural District will be designated as specified venues, alongside the HKCEC and AWE.

All of the above will enable the ISRE 2.0 to focus on international events, benefit more eligible exhibitions and offer more venue options to the organisers. A press release was issued to announce the above arrangements on 24 January. We will work out the Application Guide on the eligibility criteria for the ISRE 2.0 and will announce the details after engaging the major stakeholders.

The ISRE 2.0 will be launched on 1 July this year subject to the Legislative Council's funding approval, while the existing ISRE will terminate on the same day. We will continue to keep in touch and collaborate with the C&E industry so as to encourage more organisers to stage exhibitions in Hong Kong.

- End -

Reply Serial No.

CEDB020

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1597)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government launched the Special 100% Loan Guarantee (Special Loan) to support small and medium enterprises (SMEs) during the pandemic, but the default rate continues to rise. Please set out the number of Special Loan applications approved, the loan amount, the default rate and the amount of default claims involved each year.

Asked by: Hon HONG Wen, Wendy (LegCo internal reference no.: 30)

Reply:

The Special 100% Guarantee Product of the SME Financing Guarantee Scheme (SFGS) was launched in 2020 and its application period ended in end March 2024. Its application and default figures by year are as follows:

	2020	2021	2022	2023	2024 Note	2025 (as at end February) Note
Number of Applications Approved	25 328	21 679	11 579	7 100	1 431	65
Total Loan Amount of Approved Applications ($)	39.7 billion	41.9 billion	33.6 billion	23.9 billion	4.6 billion	0.2 billion
Cumulative Loan Guarantee Amount of Default Cases ($)	0.014 billion	0.43 billion	2.886 billion	8.516 billion	19.372 billion	20.144 billion

Note: Some applications submitted before the end of the application period were approved in April 2024 or later.

As at end February 2025, the cumulative default rate of the Special 100% Guarantee Product under the SFGS was about 14%, lower than the assumed overall default rate (25%). The actual default rates of the SFGS are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises, etc. The Government and the HKMC Insurance Limited, which is responsible for administering and managing the SFGS, will continue to monitor the situation closely.

- End -

CEDB021

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3259)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the implementation of the Protection of Critical Infrastructures (Computer Systems) Bill (the Bill), please advise this Committee of the following:

The Communications Authority is one of the designated authorities under the Bill and required to discuss the Code of Practice with the telecommunications and broadcasting sectors. Has the Government set aside resources to take forward the implementation of the Bill? If so, what are the relevant staff establishment and estimated expenditure? If not, what are the reasons?

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 38)

Reply:

The Protection of Critical Infrastructures (Computer Systems) Bill was introduced into the Legislative Council (LegCo) by the Security Bureau on 11 December 2024 and was passed by the LegCo on 19 March 2025.

Section 5 and Part 2 of Schedule 2 to the Protection of Critical Infrastructures (Computer Systems) Ordinance (the Ordinance) specify the Communications Authority (CA) as the "designated authority" which will issue, amend and maintain Codes of Practice (CoPs) in respect of Category 1 obligations (i.e. organisational obligations) and Category 2 obligations (i.e. preventive obligations) of the critical infrastructures operators in the telecommunications and broadcasting services sector under the regulation of CA, as well as to monitor and supervise the compliance of the relevant obligations. The Ordinance also provides that the Commissioner of Critical Infrastructure (Computer-system Security) will issue, amend and maintain CoPs in respect of Category 3 obligations (i.e. obligations relating to incident reporting and response) and monitor and supervise the compliance of the relevant obligations by all operators (including those in the telecommunications and broadcasting services sector).

The implementation of CA's duties as the "designated authority" under the Ordinance will be met through existing resources and manpower of the Office of the Communications Authority.

- End -

CEDB022

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3260)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

As mentioned in paragraph 113 of the Budget Speech, the Government will inject $1.5 billion in total into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the Export Marketing and Trade and Industrial Organisation Support Fund (EMTSF), and streamline application arrangements, so as to support the development of local enterprises and help them go global, with details to be announced by the Commerce and Economic Development Bureau later. In this connection, please provide this Committee with the following:

1) the numbers of applications received and approved under the BUD Fund, as well as the amounts of funding approved and the processing time in the past 5 years (from 2020-21 to 2024-25);

2) the number of benefitted enterprises and the distribution of cumulative amount of funding approved (in tabular form by sector) as to date;

3) the number of applications received and approved under "Easy BUD" (which was launched in June 2023), as well as the amount of funding approved and the processing time as to date;

4) the respective amount to be injected into the BUD Fund and the EMTSF; and

5) the Government's directions in streamlining application arrangements for the BUD Fund and the EMTSF.

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 39)

Reply:

The implementation of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) in the past 5 years is as follows:

	2020 to 2024
Number of applications received [Note]	20 739
Number of applications approved	7 471
Amount of funding approved ($)	5 billion

Note: Applications received may not be processed in the same period. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.

As at end February 2025, 10 417 applications has been approved under the BUD Fund. The cumulative funding amount approved is $6.441 billion, with a total of 6 841 beneficiary enterprises. The major 5 beneficiary sectors are as follows:

Major beneficiary sectors [in descending order of the amount of cumulative approved funding] (percentage of approved funding amount to the total amount of approved funding)	1. Wholesale and Retail (20.3%)
	2. Import and Export Trade (11.5%)
	3. Textiles and Clothing (5.6%)
	4. Information Technology (5.2%)
	5. Electronics (5.2%)

“Easy BUD” under the BUD Fund

In June 2023, the Government launched “Easy BUD” to expedite the vetting of applications involving designated measures with a funding amount of $100,000 or below. As at end February 2025, a total of 592 “Easy BUD” applications were approved, and the cumulative funding amount approved is $43 million.

To date, the BUD Fund Programme Secretariat (the Hong Kong Productivity Council) could meet the performance pledge of processing all “Easy BUD” applications within 30 working days upon receipt of all required documents and clarification materials.

The BUD Fund and the Export Marketing and Trade and Industrial Organisation Support Fund (EMTSF)

To continue to support the development of local enterprises and help them go global, the 2025-26 Budget announced the injection of $1.5 billion into the BUD Fund and the EMTSF (which covers expenditures of the SME Export Marketing Fund (EMF) and the Trade and Industrial Organisation Support Fund). This injection will be shared equally between the 2 funds. Together with the injection of $1 billion into the BUD Fund announced in the 2024 Policy Address, the Government will inject in total $1.75 billion and $0.75 billion respectively into the BUD Fund and the EMTSF. This is a testament to the Government's unwavering commitment to supporting SMEs continuously despite the current fiscal conditions.

On 14 March 2025, the Government has instituted several enhancement measures with respect to the BUD Fund. Firstly, each applicant enterprise can submit 1 "Easy BUD" application every 3 months, instead of 6 months. This will enable enterprises to obtain more timely funding support given the streamlined application and vetting arrangements under "Easy BUD". Besides, the funding scope of "Easy BUD" has been expanded to include establishment of online sales platform. Furthermore, to assist enterprises in coping with trade protectionism and geopolitical tensions, the BUD Fund expressly provides funding support for professional fees associated with the establishment of new business entities. We have also expanded the geographical coverage of "E-commerce Easy" to the 10 countries of the Association of Southeast Asian Nations, and stated in the Guide to Application that the scope of the BUD Fund covers implementation of green transformation projects that assist enterprises in business development. Specific measures include conducting carbon audits for newly developed products to enter target markets, upgrading production lines or applying new technologies to meet the environmental standards or legal requirements of target markets, etc.

To focus our limited resources to equip enterprises for upgrading and transformation, the Government will consolidate the EMF into the BUD Fund upon expiry of the former's special measure on 30 June 2026. This would attain synergy as the BUD Fund could also fund promotional activities in the context of upgrading and transformation. At the same time, to ensure financial sustainability of the 2 funding schemes, the Government has instituted measures on 14 March 2025 such that the BUD Fund and the EMF will be utilised in the most productive manner. Relevant measures include adjustments to the funding ceiling, matching ratio, and rationalisation of other parameters of the BUD Fund and the EMF, as detailed at the **Annex**.

- End -

<u>**Annex**</u>

SME Funding Schemes

Measures for rationalisation of operation and ensuring financial sustainability

<u>Dedicated Fund on Branding, Upgrading and Domestic Sales</u>

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. Audit fees will also be subject to the matching ratio of 1:3.

(2) Adjusting the initial payment from 75% to 20% of the approved Government funding.

(3) Adjusting the funding ceiling for each approved General and "E-commerce Easy" project from $1,000,000 to $800,000, and limiting the total approved Government funding for an applicant to not exceeding $800,000 at any one time.

(4) Limiting the number of general and "E-commerce Easy" applications that can be submitted by each enterprise to 1 in every 3 months, in line with Easy BUD. Applicants should have fulfilled their obligations for completed projects before their new applications are processed. Batch processing will be adopted for general and E-commerce Easy applications.

(5) Adjustments to fundable items (viz. scope of fundable items under setting up of a new business entity, recruitment of additional manpower, and duration of management fees for placement of advertisements and establishment of online sales platforms).

<u>SME Export Marketing Fund (EMF)</u>

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. There is no change to the funding ceiling per application, $100,000.

(2) Adjusting the initial payment from 75% to 20% of the approved government funding.

(3) Upholding additional requirements on selected expenditure items eligible for the EMF with a view to controlling the maximum amount of funding, including the funding ceiling, validity period of activities, restrictions on the number of repeated applications of a similar nature on certain activities, etc.

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB023

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3299)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in paragraph 48 of the Budget Speech that the Commerce and Economic Development Bureau (CEDB) and the Office of the Communications Authority are exploring a set of streamlined procedures for vetting licence applications for operating Low Earth Orbit (LEO) satellites, and will complete the relevant work this year. In this connection, will the Government inform this Committee of:

1) the current procedures and vetting time for licence application for operating LEO satellites;

2) the numbers of applications received, licences granted and applications pending vetting so far;

3) the direction and timetable for streamlining the vetting procedures;

4) the estimated time for vetting and the percentage of time reduced after the procedures are streamlined; and

5) the purpose of developing LEO satellites and the expected economic benefits.

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 40)

Reply:

Low Earth Orbit (LEO) satellites are the new trend in satellite development globally. Compared with traditional satellites (i.e. geostationary orbit satellites), LEO satellites are less costly and have the characteristics of low latency and high transmission rates. They are widely applicable in domains such as telecommunications, remote monitoring, navigation, tracking, satellite Internet access, etc., providing services in the areas of transport and logistics, and smart city. According to the existing statutory requirements in Hong Kong, satellite operators need to obtain the Outer Space Licence issued by the Chief Executive (CE) under the Outer Space Ordinance (Cap. 523) and the Space Station Carrier Licence issued by the Communications Authority (CA) under the Telecommunications Ordinance (Cap. 106) for each satellite operated in Hong Kong (regardless of whether the satellite is launched in Hong Kong).

Since LEO satellites are operated in a constellation that may include tens or hundreds of LEO satellites, operators are required to apply for the corresponding number of Outer Space Licences and Space Station Carrier Licences in accordance with the number of satellites under the current licensing regime. To enhance Hong Kong's attractiveness and competitiveness in the development of LEO satellites, the CE announced in the 2024 Policy Address and the Financial Secretary announced in the 2025-26 Budget that the Government will conduct a study on streamlining the vetting procedures of licence applications for operating LEO satellites, with an aim to completing the relevant study within 2025.

Under the current satellite licensing regime, there are 3 licensed satellite operators in Hong Kong operating a total of 10 geostationary orbit satellites. CA has not received any licence application for LEO satellites for the time being. The Government expects that the streamlined satellite licensing regime will attract satellite operators to operate LEO satellites in Hong Kong, which will in turn attract investment from relevant enterprises and promote innovative technology and high-quality industry development. At the same time, it will also provide relevant training and employment opportunities to attract more talents in satellite network operation to develop in Hong Kong, thereby consolidating Hong Kong's position as a regional telecommunications hub.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB024

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1247)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The 2024-25 revised estimate for this Programme is $13.4 billion, which is 130% higher than the original estimate for the same year. In this connection, please advise on the following:

(1) the reasons for the significant increase in the revised estimate for this Programme as compared to the original estimate for last year; and

(2) the staff establishment and expenditure of the Secretariat of the Working Group on Promoting Silver Economy in the past year.

Asked by: Hon KONG Yuk-foon, Doreen (LegCo internal reference no.: 10)

Reply:

The 2024-25 revised estimate under Programme (2) Commerce and Industry is $7.6348 billion (130.9%) higher than the original estimate, with the increased provisions (about 98% and 2% respectively) allocated to the SME Financing Guarantee Scheme (SFGS) – Guarantee Products and the Incentive Scheme for Recurrent Exhibitions (ISRE) due to the expected increase in the cash flow requirement of these 2 schemes in 2024-25.

HKMC Insurance Limited (HKMCI) is responsible for administering and managing the SFGS. The Government needs to increase the estimated cash flow in 2024-25 to cater for the relevant expenses of the various guarantee products. These include payments of originating fee in respect of the Special 100% Guarantee Product to the participating lending institutions, payments to HKMCI to cover the administrative costs and the necessary out-of-pocket expenses arising from the existing and new applications as well as the default claim payments. The Government and HKMCI will continue to monitor the situation closely.

The actual cash flow of ISRE depends on such factors as the number of applications and incentive amount in the respective financial year. With the exhibition industry continuing to improve in 2024-25, the number of eligible applications received and the incentive amount involved under ISRE are higher than expected, thereby increasing its cash flow requirement.

According to the 2024 Policy Address, the Working Group on Promoting Silver Economy (the Working Group) led by the Deputy Chief Secretary for Administration was established in November 2024 and the Commerce and Economic Development Bureau (CEDB) serves as the Secretariat of the Working Group. As the work of the Secretariat is conducted with the existing manpower of the CEDB, the expenditure has been subsumed under the overall estimate and cannot be quantified separately.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1249)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-)-

Programme: (5) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The actual estimate for 2024-25 under the Programme is $10.2 million, representing a reduction of nearly 50% over the original estimate for the previous year. In this connection, will the Government provide the following information:

(i) the progress of the project to redevelop the Air Mail Centre and a breakdown of expenditure; and

(ii) the study progress and specific timetable on the regulation of prepaid consumption.

Asked by: Hon KONG Yuk-foon, Doreen (LegCo internal reference no.: 11)

Reply:

The Government obtained funding approval of $4,611.3 million from the Finance Committee of the Legislative Council in May 2021 for redevelopment of the Air Mail Centre (AMC), which involves the following 3 major items:

Items		Estimated cost (in money-of-the-day price) ($ million)
(i)	Construction of the new AMC Building	2,598.5
(ii)	Acquisition of new equipment, technology and machinery	1,232.4
(iii)	Decanting Building and associated decantation	780.4

Hongkong Post is pushing ahead with the AMC redevelopment project in full steam, including the tendering exercises for the construction of the new AMC and the Material Handling System, as well as the construction of a Decanting Building at the existing AMC site to ensure that the handling and services of air mail will not be affected during the construction period. The Decanting Building is expected to commence operation in mid-2025, while the new AMC is expected for commissioning by the end of 2027. At present, all expenditures incurred are within the approved funding.

In respect of offering better protection to consumers who make prepayments, we are aware that different sectors of the community have put forward various suggestions. These include imposing a cap on the length of prepayment contracts, the prepayment amounts and stipulating a statutory cooling-off period, etc. The Commerce and Economic Development Bureau is conducting an in-depth study into different suggestions, considering their pros and cons and feasibility, with reference to the practices in other jurisdictions and taking into account relevant factors (including the economic environment, operating situation of relevant industries, relevant complaint figures and experience of law enforcement agencies, etc.), with a view to formulating appropriate strategies to strengthen the protection of consumers' rights and interests.

- End -

CEDB026

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1250)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (7) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. What are the measures currently adopted by the Consumer Council (the Council) in protecting the rights and interests of elderly consumers? What is the relevant resource allocation plan for this year?

2. The Council will launch the revamped Complaint Case Management System (the System) this year, which is expected to improve the efficiency of handling and analysing complaint cases and related statistics. It is learnt that the relevant work has been delayed by 1 year. Will the Administration please provide information on the official launch date for the System? What are the details of the online dispute resolution platform involved, and how can it improve the efficiency of handling complaint cases? Which types of cases to be handled will be benefited most from this platform?

3. In 2024, the number of consumer complaint cases was almost 6 000 more than 2023, while the number of which in 2023 was also almost 3 000 more than 2022. Have any analyses and studies been conducted on this upward trend, and what measures have been taken to protect the rights and interests of consumers?

Asked by: Hon KONG Yuk-foon, Doreen (LegCo internal reference no.: 12)

Reply:

The Consumer Council (the Council) endeavours to study and promote the protection of consumers' rights and interests, and carries out its statutory functions in accordance with the Consumer Council Ordinance (Cap. 216), including the handling of complaints relating to goods and services of and the provision of advice to consumers, conducting surveys and studies on issues of consumers' interest, as well as disseminating consumer information through its published "CHOICE" magazine, etc.

In terms of protecting the rights and interests of elderly consumers, the Council has been conducting publicity and education work for the elderly through various channels, including:

- collaborating with various social service organisations and elder academies to conduct talks to provide the elderly with relevant consumption alerts and advice, with a view to enhancing the elderly's understanding of consumers' rights and interests and unfair trade practices;

- launching the Educator Scheme for Senior Citizens since March 2021 to provide consumer education training to soon-to-be retirees and retirees mainly aged between 50 and 64 in order to enhance their knowledge in consumers' rights and interests. Suitable participants who have completed the training will host consumer educational talks for the elderly to share the latest consumer information, and refer the elderly who have encountered consumer issues to the Council's complaint and enquiry hotline for assistance; and

- publishing articles on product tests and service surveys relating to the elderly in the Council's CHOICE magazine, providing them with practical consumer information.

In 2025-26, the Council will support the Government in promoting the development of silver economy, including having set up an Advisory Group on Silver Economy to steer the work on protecting the interests of elderly consumers, disseminating information relating to "silver consumption" through its "CHOICE" magazine to help the elderly make informed choices in consumption and consolidating existing articles and resources related to "silver consumption" through a dedicated section, "Smart Seniors", on its website for the elderly to browse information more conveniently. The Council will continue to explore implementing more measures relating to "silver consumption", with a view to protecting the rights and interests of the elderly. The manpower and expenditure entailed for the above work have been subsumed into the Council's overall staff establishment and estimates. It is difficult to quantify such manpower and expenditure separately.

On the other hand, the Council plans to launch the revamped Complaint Case Management System (CCMS) in end-2025. The major functions and mode of operation of the new system are set out below:

- providing a new online dispute resolution platform, which will enable complainants, traders and the Council's staff to communicate and exchange documents directly, thereby enhancing the efficiency of handling complaints;

- adopting innovative technologies (such as artificial intelligence) to streamline the registration process of complaint cases and issue reports and alerts automatically, etc., so as to facilitate the three parties aforementioned to follow up; and

- analysing and classifying complaint cases through artificial intelligence to reduce the time required of the relevant procedures, so that the Council's staff can focus on handling the more complex cases and, at the same time, strengthening the Council's capability to analyse complaint statistics and monitor the trends of complaints.

The Council estimates that the time required for resolving a complaint case can be shortened from around 3 to 4 months at present to 2 to 3 months with the assistance of the new system. The new system will enable the Council to cope with the increasing number and complexity of complaint cases more effectively.

The Council has been closely monitoring the number and trend of consumer complaints. If the Council identifies increasing number of complaints relating to certain traders, it will request relevant traders to take necessary measures, including enhancing the quality of their services or goods or improving their trade practices, with a view to reducing the number of complaints at source. If the cases are suspected of contravening the laws, the Council will also refer the cases to the relevant law enforcement agencies for further follow-up.

In addition, the Customs and Excise Department (C&ED) is the principal enforcement agency of the Trade Descriptions Ordinance, and has been keeping a close watch of the complaint and enforcement statistics. C&ED has been actively combating unfair trade practices at source through enforcement actions, compliance promotion and publicity and public education, with a view to protecting the rights and interests of consumers.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB027

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0611)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (3) Telecommunications

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

To help members of the public distinguish legitimate calls, the Office of the Communications Authority (OFCA) has been visiting various districts and working with Legislative Council (LegCo) Members as well as District Councillors since end-2023 to appeal to members of the public to beware of phone scams and assist them to download relevant call-filtering apps. In this connection, will the Government inform this Committee of:

(1) the number of visits conducted by OFCA as well as the number of LegCo Members and District Councillors participated in the past 2 years, with a breakdown by the 18 districts;

(2) whether the Government has kept the statistics on the number of OFCA staff responsible for conducting the visits and the expenditure incurred? If yes, what are the details? If no, what are the reasons?

(3) the Government's plan, apart from the District Anti-Phone Deception Ambassador Scheme launched in January this year, to promote anti-phone scam messages at community level; and whether the Government will consider seeking assistance from the Care Teams for this purpose?

Asked by: Hon LAI Tung-kwok (LegCo internal reference no.: 20)

Reply:

The Office of the Communications Authority (OFCA) has been actively conducting publicity activities to promote anti-phone scam messages across 18 districts in Hong Kong. Since 2023, OFCA, together with Legislative Council (LegCo) Members and District Council (DC) members, have conducted a total of 21 roadshows. Nearly 50 LegCo Members and DC members have taken part in the roadshows. In addition, OFCA, through a mobile promotion truck which toured all 18 districts, distributed promotional leaflets and souvenirs as well as hosted interactive games to raise the anti-deception awareness of local residents. Over the past 2 years, OFCA has also organised 150 public education and publicity activities, including 30 roving exhibitions, 70 community talks and 50 school drama performances, to promote anti-phone scam messages to local residents and students. More than 30 OFCA staff took part in the above activities, with the relevant manpower and expenses covered by the OFCA Trading Fund.

To enhance public education and publicity, OFCA launched the "District Anti-Phone Deception Ambassador Scheme" (the Ambassador Scheme) in mid-January 2025 and invited the participation of DC members and staff members of their ward offices from all 18 districts in Hong Kong. Over 150 DC members' ward offices supported the initiative, with more than 300 DC members and their staff members joined the Ambassador Scheme as District Anti-Phone Deception Ambassadors (Ambassadors). OFCA organised anti-deception information seminar and provided information packs to all Ambassadors to introduce them measures to combat phone scam and related anti-fraud messages. OFCA has also provided participating DC members' ward offices with anti-phone scam promotional leaflets and souvenirs for distribution during their community activities and daily contacts with residents to promote the anti-fraud messages and raise anti-phone scam awareness. OFCA will continue to visit different districts in 2025 and collaborate with the Ambassadors for roadshows and other promotional activities to strengthen the promotion of relevant information.

In addition to the above publicity activities, OFCA will, from time to time, issue press releases, broadcast TV and radio announcements, publish social media posts, and produce and distribute promotional leaflets and posters to spread anti-phone scam messages. OFCA will continue its effort in utilising various channels for public education and publicity to deliver anti-phone scam messages to the public more comprehensively.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB028

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2969)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry, (3) Telecommunications, (4) Broadcasting

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the estimated expenditures under Programmes (2), (3) and (4) for 2025-26, will the Government inform this Committee of the following:

(1) Under Programme (2), the revised estimate for 2024-25 is around $13.4689 billion, representing a significant increase of about 130.9% over the original estimate. What are the reason(s) and details for the significant increase in the estimated expenditure?

(2) It is mentioned under Programme (3) that the revised estimate for 2024-25 is about 60.1% less than the amount for 2025-26. What are the reason(s) and details for the significant decrease in the estimate? And

(3) It is mentioned under Programme (4) that the significant increase in the revised estimate for 2024-25 is due to the Government's one-off provision to RTHK for enhancement of its mission as the public service broadcaster of Hong Kong. With the lapse of the said one-off provision, the estimated amount for 2025-26 should be comparable to the original estimate for 2024-25. What are the reason(s) for the estimate for 2025-26 still being about 50% higher than the original estimate for 2024-25?

Asked by: Hon LAM Chun-sing (LegCo internal reference no.: 37)

Reply:

The 2024-25 revised estimate under Programme (2) Commerce and Industry is $7.6348 billion (130.9%) higher than the original estimate, with the increased provisions (about 98% and 2% respectively) allocated to the SME Financing Guarantee Scheme (SFGS) – Guarantee Products and the Incentive Scheme for Recurrent Exhibitions (ISRE) due to the expected increase in the cash flow requirement of these 2 schemes in 2024-25.

HKMC Insurance Limited (HKMCI) is responsible for administering and managing the SFGS. The Government needs to increase the estimated cash flow in 2024-25 to cater for the relevant expenses of the various guarantee products. These include payments of originating fee in respect of the Special 100% Guarantee Product to the participating lending institutions, payments to HKMCI to cover the administrative costs and the necessary out-of-pocket expenses arising from the existing and new applications as well as the default claim payments. The Government and HKMCI will continue to monitor the situation closely.

The actual cash flow of ISRE depends on such factors as the number of applications and incentive amount in the respective financial year. With the exhibition industry continuing to improve in 2024-25, the number of eligible applications received and the incentive amount involved under ISRE are higher than expected, thereby increasing its cash flow requirement.

The 2024-25 revised estimate under Programme (3) Telecommunications is $184.4 million (60.1%) lower than the original estimate. This is mainly due to the payment for projects under "Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas" has been deferred having regard to the progress of works, resulting in a lower cash flow requirement for 2024-25. The cash flow requirement has been reflected in the 2025-26 estimate correspondingly. The overall progress of the projects under the subsidy scheme remains unchanged.

The 2025-26 estimate under Programme (4) Broadcasting is $4.3 million (50.6%) higher than the 2024-25 original estimate. This is mainly due to the reallocation of resources on monitoring television and sound broadcasting services frequencies under Programme (3) Telecommunications of the 2024-25 original estimate to Programme (4) Broadcasting on financial analysis considerations so as to reflect the use of resources under the 2 programmes more accurately. This resource reallocation does not involve additional provision.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB029

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3077)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

A) Regarding "continue to oversee the implementation of a series of initiatives to develop Hong Kong into a regional intellectual property (IP) trading centre", what specific measures and key performance indicators does the Government have in place to define the status of an IP trading centre?

B) What are the actual expenditures other than remuneration of last year and this year for developing Hong Kong into a regional IP trading centre, and their uses?

C) What is Hong Kong's position in the race against other areas in the region? Are there any indices or data to reflect this? What makes Hong Kong more attractive than other places?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 9)

Reply:

Under the steer of the Commerce and Economic Development Bureau, the Intellectual Property Department (IPD) has been working closely with different stakeholders, including other government departments, public organisations (such as the Hong Kong Trade Development Council (HKTDC)) and professional bodies (such as the Law Society of Hong Kong), to implement a series of measures in accordance with the Chief Executive's Policy Addresses to strengthen protection for the products of innovation and creativity yielded by research and development (R&D) efforts, promote intellectual property (IP) commercialisation and IP trading, and strengthen Hong Kong's role as a regional IP trading centre. Major initiatives for 2025 are set out below:

- **Enhance the legal framework for IP protection.** The Government already consulted the Legislative Council (LegCo) Panel on Commerce, Industry, Innovation and Technology in February 2025 on the proposal to amend the Copyright Ordinance (CO) to, on the premise of allowing the copyright owners to reserve their rights, foster a favourable environment for the development of artificial intelligence (AI). The goal is to submit the relevant amendment bill to the LegCo in the first half of 2025. The Government will also table subsidiary legislation under the CO in the LegCo within 2025 to specify libraries, museums and archives eligible for certain permitted acts and prescribe the conditions, and designate non-government-owned libraries, museums or archives that can be exempted from certain criminal liabilities. Moreover, the Government will launch a consultation in 2025 on the registered designs regime currently under review. On trade mark, the Government will continue to forge ahead with the preparatory work for implementing the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks in Hong Kong, and strive for the implementation of the international trade mark registration system as soon as possible. The Trade Mark Registry under the IPD will launch a new AI-assisted image search service in 2025 to facilitate the public's search of the trade mark database. The Government is also proposing legislative amendments to streamline IP litigation processes for the High Court to manage and hear these cases more effectively. In addition, with the Central Government's support, Hong Kong will participate in the World Intellectual Property Organization (WIPO) Lex-Judgments Database in 2025, sharing important IP case precedents of local courts, to showcase to the international community the quality of our IP-related judicial judgements.

- **Support the innovation and technology sector by means of the patent system.** In addition to the ongoing efforts to strengthen the substantive examination capability of the patent examination team under the original grant patent system with a view to acquiring institutional autonomy in conducting substantive patent examination in 2030, the Government will continue to discuss with the patent agent sector and stakeholders to plan for the introduction of regulatory arrangements for local patent agent services, covering qualification, registration, and other areas, aiming to nurture professional talents and enhance service quality. The IPD will also continue to press ahead with the establishment of a WIPO Technology and Innovation Support Centre (TISC) in Hong Kong, targeting for official commissioning in end 2025 the earliest. Upon its commissioning, the TISC is expected to provide local small and medium enterprises, start-ups and entrepreneurs with high-quality IP (especially patents) information and services, and assist them in exploring their innovation potential, as well as creating, protecting, managing and commercialising their IP.

- **Strengthen the grooming of IP talents.** The IPD will continue to enhance its manpower training programmes, with a target to provide IP training for 5 000 personnel across different industries within the current term of the Government, and to collaborate with the Department of Justice to promote IP mediation and arbitration services. It will also collaborate with the Qualifications Framework Secretariat to develop practical teaching materials for deployment by training providers, benefitting personnel across 23 different industries, and complete a survey on Hong Kong's IP-related professional and business services within 2025 to facilitate future manpower planning. Besides, the IPD will promote IP to 200 000 students within the current term of the Government, doubling the original target, to reinforce awareness of respecting and protecting IP rights, and encourage students to actively explore and innovate.

- **Enhance external promotion.** The IPD will continue its liaison with the Mainland, regional and international organisations to promote Hong Kong's role as the regional IP trading centre, and work with the HKTDC and relevant stakeholders to promote IP trading and professional services through trade missions, seminars and publicity programmes, including continuously co-organising with the HKTDC the annual Business of IP Asia Forum, which is expected to attract over 10 000 local, Mainland and overseas participants within the current term of the Government. The HKTDC will continue to enrich the Hong Kong International Film and TV Market, the Hong Kong International Licensing Show, the Hong Kong Book Fair, and the Asia IP Exchange portal with more trading elements, such as including more business-matching activities and providing additional market information on IP trading and professional support services, so as to strengthen support for local original works to exploit the Mainland and international markets.

Hong Kong has a robust IP rights protection system, a simple and low tax regime, as well as a pool of bi-literate and tri-lingual professionals with Mainland China and international perspectives. In addition, given Hong Kong's experience in areas such as R&D, design, trading and business services in support of industrial production, Hong Kong has many competitive advantages to develop into a regional IP trading centre. With reference to the 2024 World Competitiveness Yearbook published by the International Institute for Management Development in Lausanne, Switzerland, Hong Kong's ranking in IP jumped 4 positions to the 8th globally, a ranking surpassing some advanced economies. Besides, according to the Global Innovation Index 2024 published by WIPO, the Shenzhen-Hong Kong-Guangzhou science and technology cluster continued to rank the second globally for the 5th consecutive year. Hong Kong can make full use of our competitive edges to play the role as a regional IP trading centre, helping enterprises to turn IP contents they created into economic benefits.

The HKTDC held the 14th "Business IP Asia Forum" in December 2024, during which a survey was conducted among the forum participants. The survey showed that over 90% of the respondents, up 7% as compared with 2023, would consider/continue to choose Hong Kong as a place to conduct IP trading in the coming 2 years, affirming Hong Kong's position as a prime IP trading centre in Asia. Respondents considered that the excellent geographical location, sound legal system, and a low and simple tax regime (including the patent box tax incentive) were the key competitive edges of Hong Kong as an IP trading centre in Asia.

Promotion of IP trading is part and parcel of the overall work of the IPD. It is therefore difficult to quantify the resources involved separately.

- End -

Examination of Estimates of Expenditure 2025-26 | Reply Serial No.

CEDB030

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0423)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In the past 3 years, did the Commerce and Economic Development Bureau engage external lawyers for consultancy services in accordance with the Stores and Procurement Regulations of the Government without first seeking assistance from the Department of Justice? If so, what were the nature of such services and the expenditures incurred?

Asked by: Hon LAM San-keung (LegCo internal reference no.: 2)

Reply:

The Commerce and Economic Development Bureau had not engaged any external lawyers for consultancy services in the past 3 years.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB031

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0287)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(000) Operational expenses
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

Paragraph 116 of the Budget Speech mentions that the Government will further assist local SMEs in tapping into the Mainland market and increasing sales from e-commerce markets, such as launching the E-Commerce Express, enhancing the mentorship scheme and organising the second edition of the Hong Kong Shopping Festival. In this connection, please inform this Committee of:

1. the details, estimated expenditures and expected economic benefits of each of the above projects; and
2. the total trade volume of e-commerce projects by Hong Kong enterprises over the past three years.

Asked by: Hon LAM Shun-chiu, Dennis (LegCo internal reference no.: 4)

Reply:

The 2025-26 Budget announced that the Hong Kong Trade Development Council (HKTDC) will implement the "E-Commerce Express" ("電子商務快車") to strengthen support for small and medium enterprises (SMEs) to tap into the Mainland market and increase electronic commerce (e-commerce) sales. HKTDC has renamed the Chinese name of the service as "電子商務快綫". To address the pain points encountered by Hong Kong enterprises when developing cross-border e-commerce on the Mainland, HKTDC will, in collaboration with large-scale e-commerce or social media platforms, conduct a series of thematic training seminars and research sharing sessions to cover practical topics including the Mainland and overseas e-commerce market landscapes, legal compliance, operational strategies and features of both traditional and emerging online shopping platforms, how to establish fanbase, livestreaming production techniques, etc., with a view to providing more comprehensive support for SMEs interested in tapping into the e-commerce market.

One of the key activities to be supported by the "E-Commerce Express" will be the 2nd edition of the Hong Kong Shopping Festival (HKSF) scheduled for August 2025. The event aims at providing SMEs with practical experience in utilising e-commerce platforms to tap into the Mainland market. To deepen participating enterprises' understanding of the techniques in operating on Mainland e-commerce and online shopping platforms and assist them in promoting brand awareness, HKTDC will, under the "E-Commerce Express", provide one-on-one consultation services for HKSF participants. Marketing specialists will advise Hong Kong enterprises on appropriate e-commerce strategies based on their individual business needs and product features.

The 2nd edition of the HKSF will continue to bring together Hong Kong enterprises to offer discounts in Mainland online stores and arrange enterprises to conduct livestreaming promotion on Mainland e-commerce platforms. It is anticipated that the scale of the 2nd edition of the HKSF will be larger than that of the inaugural HKSF, including showcasing more brands and covering major consumer products, in particular food and health supplements which are popular among Mainland consumers, while at the same time featuring more promotional channels to help Hong Kong enterprises raise brand exposure and grasp the opportunities in the Mainland e-commerce market.

On the other hand, the Trade and Industry Department (TID) plans to launch a mentorship programme this year to enhance support for SMEs to develop brands and expand the e-commerce sales networks through counselling and workshops, etc. for developing the markets of the Mainland and/or the Association of Southeast Asian Nations. TID will announce the details later.

The above measures will help promote Hong Kong brands and strengthen support for SMEs to develop markets and increase e-commerce sales while their anticipated economic benefits cannot be quantified.

The Government does not compile statistics on the total trade volume of e-commerce projects by Hong Kong enterprises. Besides, the manpower and expenditure of the Commerce and Economic Development Bureau, TID and HKTDC for implementing the above measures have been subsumed under the respective overall establishment and estimates, and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB032

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0295)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

It is mentioned in paragraph 114 of the Budget Speech that a total of over $288 billion of loans has been approved under the SME Financing Guarantee Scheme as at the end of last year, benefitting nearly 65 000 small and medium enterprises. In this connection, will the Government inform this Committee of:

1. the total amount of default claims to date under the SME Financing Guarantee Scheme;

2. the measures taken by the Government to recover the default amount?

Asked by: Hon LAM Shun-chiu, Dennis (LegCo internal reference no.: 12)

Reply:

As at end February 2025, the cumulative loan guarantee amounts of default cases of the 80%, 90% and Special 100% Guarantee Products under the SME Financing Guarantee Scheme (SFGS) were about $4.9 billion, $1 billion and $20.1 billion respectively, and the cumulative default rates were about 5.1%, 3.8% and 14% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). The default rates are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises, etc. The Government and HKMC Insurance Limited (HKMCI), which is responsible for administering and managing the SFGS, will continue to monitor the situation closely.

HKMCI has been working closely with lending institutions on properly handling default cases. In the event that a borrowing enterprise defaults on repayments, the lending institution will first discuss a feasible repayment plan with the borrowing enterprise, e.g. repaying only the interest or part of the principal during a transition period, so that the borrowing enterprise can continue its operation while making a debt restructuring arrangement as soon as possible, with a view to gradually resuming normal repayments.

If the lending institution and the borrowing enterprise could not reach agreement on the repayment or the latter refuses to cooperate, the lending institution will consider taking appropriate recovery/legal actions in accordance with its policy and prevailing commercial practice, including requesting the enterprise and guarantor to repay the loan, filing a petition for winding-up and/or bankruptcy with the court, etc. with a view to reducing the loss of the Government.

- End -

Examination of Estimates of Expenditure 2025-26 Reply Serial No.

CEDB033

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0297)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in paragraph 114 of the Budget Speech that as at the end of last year, a total of over $288 billion of loans has been approved under the SME Financing Guarantee Scheme, benefitting nearly 65 000 small and medium enterprises (SMEs). The principal moratorium arrangement has also been relaunched in November last year for 1 year. In this connection, please inform this Committee:

1. of the numbers of applicant enterprises from different industries, as well as the proportions and the amounts of money involved in the past 3 years;

2. of the numbers of applications for principal moratorium, the numbers and percentages of approved applications, as well as the default rates in the past 3 years; and

3. whether there are any policy initiatives in place to deter enterprises from defaulting and lower the default rate alongside the support for the development of SMEs.

Asked by: Hon LAM Shun-chiu, Dennis (LegCo internal reference no.: 14)

Reply:

The cumulative application and default figures of the various guarantee products of the SME Financing Guarantee Scheme (SFGS) as at end February 2025 are as follows:

	80% Guarantee Product (launched in 2012)	**90% Guarantee Product (launched in 2019)**	**Special 100% Guarantee Product** [Note 1] **(launched in 2020 and the application period ended in end March 2024)**
Number of Applications Received	31 225	16 965	72 824
Number of Applications Approved	27 802	15 447	67 182
Total Loan Amount of Approved Applications ($)	119.6 billion	27.5 billion	143.8 billion
Number of Approved Applications by Beneficiary Sectors			
• Trading, Wholesale and Retail	15 019 (54%)	7 639 (49%)	23 819 (35%)
• Engineering and Construction	2 202 (8%)	1 515 (10%)	5 684 (9%)
• Manufacturing	4 161 (15%)	594 (4%)	3 795 (6%)
• Others (e.g. Catering, Transportation)	6 420 (23%)	5 699 (37%)	33 884 (50%)
Number of Default Cases	2 105	903	9 360
Loan Guarantee Amount of Default Cases ($)	4.9 billion	1 billion	20.1 billion
Default Rates	5.1%	3.8%	14%

Note 1: Some applications submitted before the end of the application period were approved in April 2024 or later.

As at end February 2025, among the more than 110 000 approved loan applications, cumulatively 50 093 and 1 943 applications have been approved for the old and new principal moratorium arrangements, involving a loan amount of around $110.1 billion and $4.5 billion respectively. The relevant statistics are as follows:

	80% Guarantee Product (launched in 2012)	90% Guarantee Product (launched in 2019)	Special 100% Guarantee Product (launched in 2020 and the application period ended in end March 2024)
Cumulative Number of Approved Applications for the Old Principal Moratorium Arrangement Note 2 (percentage of the relevant number of applications approved)	1 601 (11%)	1 557 (15%)	46 935 (72%)
Cumulative Number of Approved Applications for the New Principal Moratorium Arrangement Note 3 (percentage of the total number of applications approved)	96 (<1%)	167 (1%)	1 680 (3%)
Cumulative Number of Default Cases with Approved Applications for the Principal Moratorium Arrangement	303	286	8 243

Note 2: The application period of the old principal moratorium arrangement ended on 1 October 2023, hence it is not applicable to the loans approved thereafter.

Note 3: The new principal moratorium arrangement was announced under the 2024 Policy Address, and applications are accepted from 18 November 2024 onwards.

In processing loan applications, the lending institutions will conduct customer due diligence to confirm that the borrowing enterprises could fulfil the eligibility requirements, and submit the verified applications complete with the documents required to HKMC Insurance Limited (HKMCI) (which is responsible for administering and managing the SFGS) for final guarantee approval. HKMCI will also conduct appropriate checks in vetting the applications submitted by the lending institutions, and step up the vetting of suspicious cases, to ensure the prudent use of public money.

As at end February 2025, 3 373 applications of the Special 100% Guarantee Product, involving around $10.1 billion of loans, are found to have involved illegal activities, including using false instruments, providing false information or declarations, etc. Among them, 1 466 cases (involving around $4.9 billion of loans) were already rejected by HKMCI and/or the lending institutions during application assessment, while the other 1 907 cases (involving around $5.2 billion of loans) were found after loan drawdown. HKMCI has taken appropriate actions, including reporting the cases that may have involved illegal activities and providing assistance to the law enforcement agencies, issuing clear guidelines to the participating lending institutions of the SFGS, taking legal actions through the lending institutions, etc.

HKMCI has been working closely with lending institutions on properly handling default cases. In the event that a borrowing enterprise defaults on repayments, the lending institution will first discuss a feasible repayment plan with the borrowing enterprise, e.g. repaying only the interest or part of the principal during a transition period, so that the borrowing enterprise can continue its operation while making a debt restructuring arrangement as soon as possible, with a view to gradually resuming normal repayments.

If the lending institution and the borrowing enterprise could not reach agreement on the repayment or the latter refuses to cooperate, the lending institution will consider taking appropriate recovery/legal actions in accordance with its policy and prevailing commercial practice, including requesting the enterprise and guarantor to repay the loan, filing a petition for winding-up and/or bankruptcy with the court, etc. with a view to reducing the loss of the Government.

As at end February 2025, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SFGS were about 5.1%, 3.8% and 14% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). The default rates are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises, etc. The Government and HKMCI will continue to monitor the situation closely.

- End -

Reply Serial No.

CEDB034

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0501)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

It is mentioned in "Matters Requiring Special Attention in 2025-26" that the Commerce and Economic Development Bureau (CEDB) will continue to work with the Trade and Industry Department and the Hong Kong Productivity Council to implement the BUD Fund to support Hong Kong enterprises in developing their brands, upgrading and restructuring their operations and promoting sales on the Mainland and other free trade agreement and/or investment promotion and protection agreement markets, expand the geographical coverage of "E-commerce Easy" to the 10 ASEAN countries, and provide targeted funding support for enterprises to implement green transformation projects. Will the Government inform this Committee:

1. given that the geographical scope of the BUD Fund has been extended to cover 40 economies and the "E-commerce Easy" has been newly launched to support the development of electronic commerce, how the CEDB will examine the applicants' business operations and the use of funding outside Hong Kong when the geographical scope of the fund has been expanded beyond Hong Kong; and

2. regarding the provision of targeted funding support for enterprises to implement green transformation projects, whether the CEDB has set any specific indicators to assess the actual impact of the funding on the sustainable development of enterprises? If so, please list the relevant indicators; if not, please explain the reasons.

Asked by: Hon LAM Siu-lo, Andrew (LegCo internal reference no.: 18)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 40 economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements.

To assist Hong Kong enterprises in developing the Mainland market through electronic commerce (e-commerce), the Government launched "E-commerce Easy" under the BUD Fund on 15 July 2024 to allow each enterprise to make use of $1 million funding flexibly within the cumulative funding ceiling of $7 million per enterprise for implementing e-commerce projects on the Mainland.

We have expanded the geographical coverage of "E-commerce Easy" to the 10 countries of the Association of Southeast Asian Nations and stated in the Guide to Application that the scope of the BUD Fund covers implementation of green transformation projects that assist enterprises in business development. Specific measures include conducting carbon audits for newly developed products to enter target markets, upgrading production lines or applying new technologies to meet the environmental standards or legal requirements of target markets, etc. The actual impact of implementing green transformation projects on an individual enterprise's sustainable development will be affected by various factors such as the enterprise's business nature, scale and development strategies, as well as its target markets' environmental protection regulations and standards and market situation, etc. As such, we have no plan to set specific indicators in this regard.

The Government has established stringent monitoring procedures for the approved projects of the BUD Fund. The BUD Fund Secretariat (i.e. the Hong Kong Productivity Council) will first review the project reports submitted by the enterprises upon completion of the projects and the audited accounts, and will conduct on-site inspections based on actual circumstances and needs. The final payments of projects will only be disbursed upon acceptance of the project reports by the Programme Management Committee (with members from the business sector and small and medium enterprise associations), which is responsible for overseeing the implementation of the BUD Fund.

- End -

Examination of Estimates of Expenditure 2025-26 Reply Serial No.

CEDB035

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2403)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in paragraph 198 of the Budget Speech that the Working Group on Promoting Silver Economy will implement measures in 5 areas, namely boosting "silver consumption", developing "silver industry", promoting "quality assurance of silver products", enhancing "silver financial and security arrangements", and unleashing "silver productivity". In this connection, would the Government inform this Committee of the following:

(a) What is the timetable for the implementation of the specific measures in the 5 areas by the Working Group on Promoting Silver Economy?

(b) Regarding the development of the "silver industry", what specific support measures will the Government provide to assist small and medium enterprises in developing products or services catering to the elderly?

Asked by: Hon LAM So-wai (LegCo internal reference no.: 32)

Reply:

For the five areas of silver economy (i.e. boosting "silver consumption", developing the "silver industry", promoting "quality assurance of silver products", enhancing "silver financial and security arrangements" and unleashing "silver productivity"), the Working Group on Promoting Silver Economy (the Working Group) is proactively formulating work plans and implementation details. The Working Group will report work progress to the Chief Executive in early 2025-26, then brief the relevant Panel of the Legislative Council in good time and coordinate respective bureaux' implementation of various measures as soon as possible.

In the area of developing the "silver industry", Innovation, Technology and Industry Bureau will promote marketisation and industrialisation of products catering to the elderly and support product provision and market expansion by the business sector. Directions of relevant measures include facilitating industries and small and medium enterprises to explore business opportunities and supporting the development of the gerontechnology start-up ecosystem.

- End -

CEDB036

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1848)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. A total of $1.5 billion will be injected into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the Export Marketing and Trade and Industrial Organisation Support Fund in 2025-26. How much will each of the 2 Funds specifically receive? How many new enterprises are expected to receive support from the Funds, and what is the anticipated impact of the funding on enhancing enterprises' competitiveness?

2. The BUD Fund has successfully provided funding for over 2 600 enterprises, with cumulative injections exceeding $3 billion. What is the proportion of the projects approved under the simplified application tracks, namely Easy BUD and E-commerce Easy? Does the Government have any plans to effectively support the development of local enterprises by increasing the budget for project monitoring, effectiveness evaluation, or market exploration support?

Asked by: Hon LAU Chi-pang (LegCo internal reference no.: 8)

Reply:

To continue to support the development of local enterprises and help them go global, the 2025-26 Budget announced the injection of $1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the Export Marketing and Trade and Industrial Organisation Support Fund (EMTSF) (which covers expenditures of the SME Export Marketing Fund (EMF) and the Trade and Industrial Organisation Support Fund). This injection will be shared equally between the two funds. Together with the injection of $1 billion into the BUD Fund announced in the 2024 Policy Address, the Government will inject in total $1.75 billion and $0.75 billion respectively into the BUD Fund and the EMTSF. This is a testament to the Government's unwavering commitment to supporting small and medium enterprises (SMEs) continuously despite the current fiscal conditions.

The BUD Fund is expected to receive 3 600 applications in 2025 with an approved funding amount of about $1.1 billion; while the EMF is expected to receive 30 920 applications in 2025 with an approved funding amount of about $600 million. Both funding schemes assist SMEs in developing more diversified markets, and their actual effectiveness varies depending on the beneficiary enterprises' business nature, scale, target markets and contents of the funded projects, and therefore could not be quantified.

Between 2018 and 2024, the Government made several injections, totalling $6 billion, to the BUD Fund and launched several rounds of enhancements, including the launch of "Easy BUD" in June 2023 and "E-commerce Easy" in July 2024. As at end February 2025, the number of beneficiary enterprises of the BUD Fund reached 6 841. Among them, the respective numbers of beneficiary enterprises of "Easy BUD" and "E-commerce Easy" are 540 and 30, accounting for 7.9% and 0.4% of the total number respectively.

On 14 March 2025, the Government has instituted enhancement measures and other measures under the BUD Fund and the EMF to rationalise the operation and ensure financial sustainability of the 2 funding schemes (see the **Annex**). The Government will keep on reviewing the operational arrangements and actual experience of the BUD Fund and, having regard to actual circumstances, make timely adjustments accordingly. The estimated expenditure of the BUD Fund in 2025-26 is $1.292 billion, including the manpower and other fees provided to the Hong Kong Productivity Council as the Programme Secretariat for implementing the BUD Fund, as well as disbursements to grantees.

- End -

<u>Annex</u>

SME Funding Schemes

Measures for rationalisation of operation and ensuring financial sustainability

<u>Dedicated Fund on Branding, Upgrading and Domestic Sales</u>

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. Audit fees will also be subject to the matching ratio of 1:3.

(2) Adjusting the initial payment from 75% to 20% of the approved Government funding.

(3) Adjusting the funding ceiling for each approved General and "E-commerce Easy" project from $1,000,000 to $800,000, and limiting the total approved Government funding for an applicant to not exceeding $800,000 at any one time.

(4) Limiting the number of general and "E-commerce Easy" applications that can be submitted by each enterprise to 1 in every 3 months, in line with Easy BUD. Applicants should have fulfilled their obligations for completed projects before their new applications are processed. Batch processing will be adopted for general and E-commerce Easy applications.

(5) Adjustments to fundable items (viz. scope of fundable items under setting up of a new business entity, recruitment of additional manpower, and duration of management fees for placement of advertisements and establishment of online sales platforms).

<u>SME Export Marketing Fund (EMF)</u>

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. There is no change to the funding ceiling per application, $100,000.

(2) Adjusting the initial payment from 75% to 20% of the approved government funding.

(3) Upholding additional requirements on selected expenditure items eligible for the EMF with a view to controlling the maximum amount of funding, including the funding ceiling, validity period of activities, restrictions on the number of repeated applications of a similar nature on certain activities, etc.

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB037

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1400)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:
It is mentioned in paragraph 109 of the Budget Speech that the Government is actively following up with the governments of Malaysia and Saudi Arabia on the establishment of Economic and Trade Offices (ETOs) in their two countries. In this connection, please advise this Committee of the following:

(1) What progress has been made in the investment agreement negotiations with Saudi Arabia, Bangladesh, Egypt, and Peru?

(2) Have statistics been complied regarding the amount of Middle Eastern capital invested in Hong Kong in the past year?

(3) How will more Middle Eastern enterprises be attracted to invest in Hong Kong? What assistance will be given to Hong Kong enterprises in exploring business opportunities in the Middle East?

Asked by: Hon LAU Ip-keung, Kenneth (LegCo internal reference no.: 36)

Reply:

The Hong Kong Special Administrative Region Government is committed to strengthening bilateral relations with emerging markets, including the Middle East and the Association of Southeast Asian Nations (ASEAN).

On economic and trade network, as stated in the 2025-26 Budget, we are following up actively with the governments of Malaysia and Saudi Arabia on the establishment of Economic and Trade Offices (ETOs) there. As part of the efforts to expand Hong Kong's economic and trade network, we will continue to explore the possibilities of expanding the global network of our ETOs, especially in emerging markets with good potential. At the same time, in view of the huge economic potential of the countries along the Belt and Road (B&R), Invest Hong

Kong (InvestHK) set up consultant offices in Cairo, the capital of Egypt, and Izmir, the 3rd largest city in Türkiye within 2024-25 according to the 2023 Policy Address and 2024-25 Budget, for attracting capital and enterprises from high-potential emerging countries in the Middle East and North Africa. These are the 3rd and the 4th consultant offices set up by the current-term Government since it took office, after the ones established in Nairobi, Kenya and Almaty, Kazakhstan.

Also, we are proactively seeking to forge investment promotion and protection agreements (IPPAs) with more trading partners with a view to expanding Hong Kong's economic and trade network and injecting new impetus into our trade and investment. With the IPPAs signed with Türkiye and Bahrain by the current-term Government, Hong Kong has signed 24 IPPAs [Note] with 33 foreign economies. We are exploring the signing of IPPAs with Saudi Arabia, Bangladesh, Egypt and Peru, and announcements will be made at an appropriate juncture.

On investment promotion, through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and overseas Hong Kong ETOs, as well as consultant offices in other locations, InvestHK has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

In 2024, InvestHK assisted 539 Mainland or overseas enterprises in establishing and expanding their businesses in Hong Kong. Among these enterprises, 10 of them were from the Middle East and they are expected to bring in direct investment of nearly HK$50 million.

Looking ahead, InvestHK will, through its Dedicated Teams and consultant offices in the Middle East, continue to leverage Hong Kong's roles as a "super connector" and a "super value-adder", as well as to collaborate with relevant organisations, chambers of commerce, and professional bodies, etc., to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc. so as to proactively provide potential investors and enterprises in the Middle East with the latest information on Hong Kong's business environment and promote Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world and other core strengths under "one country, two systems", as well as the immense opportunities brought by key national strategies including the Guangdong-Hong Kong-Macao Greater Bay Area development and the B&R Initiative, with a view to attracting Middle East enterprises to set up or expand their businesses in Hong Kong.

For supporting Hong Kong enterprises to develop businesses in the Middle East, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support to encourage non-listed Hong Kong enterprises to develop business on the Mainland and in other economies with which Hong Kong has signed Free Trade Agreements (FTAs) and/or IPPAs through branding, upgrading and restructuring, and promoting sales. The geographical coverage of the BUD Fund includes 3 countries in the Middle East, namely, the United Arab Emirates (UAE), Kuwait and Bahrain, and will be further expanded as Hong Kong signs more FTAs or IPPAs in the future.

At the same time, the Government is committed to consolidating Hong Kong's role as the functional platform for the B&R Initiative and deepening the co-operation with B&R countries through various measures. These include working with businesses and professional services sectors to further cultivate the Middle East market. The Government will continue to organise outbound missions for business sector and professional services to B&R countries (including the Middle East region), so as to assist enterprises to further expand business opportunities and build up collaborative relationships with relevant local enterprises and organisations in the long run. In 2025-26, the Hong Kong Trade Development Council (HKTDC) will continue to organise missions to the Middle East, including visits to Saudi Arabia and the UAE to grasp the opportunities brought by the Middle East's infrastructure development. HKTDC will also continue to leverage the network of its office and consultant offices in the Middle East to explore business opportunities there for Hong Kong enterprises. Also, we will present Hong Kong enterprises with more relevant information should there be suitable major events. For example, we partnered with NEOM of Saudi Arabia to organise the "Discover NEOM Hong Kong" roadshow in April 2024, facilitating potential collaborations between enterprises and NEOM.

In addition, the B&R Summit (the Summit) is the flagship platform for Hong Kong to participate in and contribute to the B&R Initiative. The 9th Summit, held on 11-12 September 2024, attracted around 6 000 government officials, business leaders and enterprise representatives from over 70 B&R countries and regions (including the Middle East). The 10th Summit will be held in September 2025. We will continue to actively invite government and business representatives from the Middle East to participate in the Summit, so as to assist Hong Kong enterprises and professional services in connecting with representatives from the Middle East.

Note: The 33 foreign economies include the 10 ASEAN Member States, Australia, Austria, Bahrain, Belgium, Canada, Chile, Denmark, Finland, France, Germany, Italy, Japan, Korea, Kuwait, Luxembourg, Mexico, the Netherlands, New Zealand, Sweden, Switzerland, Türkiye, the UAE and the United Kingdom.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB038

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1401)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in paragraph 198 of the Budget Speech that the Working Group on Promoting Silver Economy will implement measures in 5 areas, namely boosting "silver consumption", developing "silver industry", promoting "quality assurance of silver products", enhancing "silver financial and security arrangements", and unleashing "silver productivity". In this connection, will the Government inform this Committee of the following:

(1) the estimated expenditure and manpower arrangements involved in promoting the "silver economy" in 2025-26;

(2) whether the Government has drawn up a timetable and an action plan for promoting the "silver economy"; if so, the details; if not, the reasons for that; and

(3) how the Government will collaborate with other cities in the Guangdong-Hong Kong-Macao Greater Bay Area to develop the "silver economy"?

Asked by: Hon LAU Ip-keung, Kenneth (LegCo internal reference no.: 37)

Reply:

The requested information is set out below:

(1) Relevant work is conducted with the existing manpower. The expenditure required for relevant bureaux' implementation of measures under their purview has been subsumed under their respective overall estimated expenditure. It cannot be quantified separately.

(2) The Working Group on Promoting Silver Economy (the Working Group) is proactively formulating work plans and implementation details. The Working Group will report

work progress to the Chief Executive in early 2025-26, then brief the relevant Panel of the Legislative Council in good time and coordinate respective bureaux' implementation of various measures as soon as possible.

(3) The Governments of Guangdong, Hong Kong and Macao have been dedicated to formulating Greater Bay Area (GBA) Standards for different products and services, with a view to promoting the interconnectivity and integrated development of the three places. The Commerce and Economic Development Bureau will promote "quality assurance of silver products" by driving the development of GBA Standards, with a view to assisting the trade to enhance relevant product quality and expand sales network to Guangdong, Hong Kong and Macao for the benefit of silver consumers at large.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB039

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0846)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The Government launched "E-commerce Easy" under BUD Fund in July 2024, with a view to assisting enterprises to develop electronic commerce (e-commerce) business. In this connection, will the Government inform the Committee of the following:

1. the numbers of applications received and approved by the Government under "E-commerce Easy", the average amount of funding granted and the total amount of funding granted so far;

2. among the approved applications, the respective numbers of cases involving the establishment of online sales platforms, the placement of advertisements, the development or enhancement of company websites or mobile applications, and other e-commerce related measures;

3. when the geographical coverage of "E-commerce Easy" is expected to be expanded to the 10 ASEAN countries; whether consideration will be given to further expand its coverage to other regions, such as the Middle East region; if so, what are the details; if not, what are the reasons?

Asked by: Hon LEE Tsz-king, Dominic (LegCo internal reference no.: 23)

Reply:

To assist Hong Kong enterprises in developing the Mainland market through electronic commerce (e-commerce), the Government launched "E-commerce Easy" under the Dedicated Fund on Branding, Upgrading and Domestic Sales (the BUD Fund) on 15 July 2024 to allow each enterprise to make use of $1 million funding flexibly within the cumulative funding ceiling of $7 million per enterprise for implementing e-commerce projects on the Mainland.

As at February 2025, a total of 329 "E-commerce Easy" applications were received. Excluding applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards, a total of 43 applications have been approved or approved with conditions, and the total approved funding amount is around $17.292 million. The processing progress is as follows:

Number of applications processed	67
• Number of applications approved (average funding amount)	30 ($576,000)
• Number of applications approved with conditions	13 [Note 1]
• Number of applications rejected	24
Number of applications under processing	183 [Note 2]

Note 1: The final approval of the applications and the respective funding amounts to be granted are subject to the submission of further information by the applicant enterprises.

Note 2: Of the 183 applications under processing, 123 were received between December 2024 and February 2025. Most of the applications under processing require the applicant enterprises to provide further clarification of the project details or supplementary documents. The Programme Secretariat will process these applications as soon as possible upon clarification of the project details or provision of supplementary documents by the enterprises.

The measures involved in the applications approved under "E-Commerce Easy" are as follows:

Measure	**No. of approved applications** [Note 3]
Advertisement	27
Online Sales Platform	15
Mobile Application	6
Company Website	4
Other e-commerce project measures	8

Note 3: As some of the approved applications involve more than 1 measure, the total number of the measures involved in the approved applications exceeds the total number of approved applications.

On 14 March 2025, the Government has expanded the geographical coverage of "E-commerce Easy" to the 10 countries of the Association of Southeast Asian Nations. We will keep on reviewing the operational arrangements of "E-commerce Easy" and, having regard to actual circumstances, duly consider making appropriate adjustments including its applicable geographical coverage.

- End -

CEDB040

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0886)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the work on seeking early accession to the Regional Comprehensive Economic Partnership (RCEP), will the Government inform this Committee of:

1. the number of activities held or participated by the Government relating to liaising with RCEP members and stakeholders in the past year, with details of these activities, the countries or organisations involved and the expenditure incurred;

2. the number of activities expected to be held or participated by the Government relating to liaising with RCEP members and stakeholders this year, with details of these activities, the countries or organisations to be involved and the estimated expenditure to be incurred;

3. the obstacles expected to be encountered by Hong Kong in its accession to RCEP as assessed by the Government, and the strategies or measures to be taken this year to facilitate the early accession to RCEP; and

4. the possibility of Hong Kong joining RCEP within this year according to the Government's estimation?

Asked by: Hon LEE Tsz-king, Dominic (LegCo internal reference no.: 24)

Reply:

Upon the entry into force of the Regional Comprehensive Economic Partnership (RCEP) [Note] on 1 January 2022, the Hong Kong Special Administrative Region (HKSAR) Government has immediately submitted Hong Kong's formal accession request, and actively expressed to its members at different levels and on different occasions Hong Kong's keen interest in joining RCEP early. Seeking accession to RCEP is one of the key priorities of the HKSAR

Government. Besides receiving full support from the Central People's Government, the HKSAR Government has also received positive responses from other RCEP members in particular ASEAN member states. For example, since assuming office in 2022, the Chief Executive (CE) has led delegations on 3 occasions to visit 7 ASEAN countries (including Thailand, Singapore, Indonesia, Malaysia, Laos, Cambodia and Vietnam), and received support from leaders of the economies, relevant government officials and local business leaders on Hong Kong's accession to RCEP. Thereafter, the Secretary for Commerce and Economic Development visited Laos in September 2024 and received appreciation from ASEAN Economic Ministers on Hong Kong's readiness and keen interest for early accession to RCEP, as well as the value and important contribution that Hong Kong will add to RCEP. In November 2024, the CE had bilateral meetings with leaders from various ASEAN member states during the Asia-Pacific Economic Cooperation Economic Leaders' Meeting in Peru, and they again indicated their support towards Hong Kong's accession to RCEP.

The Procedures for Accession to the RCEP Agreement was adopted by the RCEP Joint Committee (RJC) in September 2024, which is a concrete and critical step to welcoming new members. The HKSAR Government will continue to proactively follow up with RJC and maintain close liaison with the trade and economic departments of RCEP members to promote relevant discussions and foster favourable conditions for the early accession of Hong Kong to RCEP, with the view to contributing to the promotion of regional economic integration.

Since the 2022 Policy Address, the CE has set an annual key performance indicator (KPI) of holding or participating in related events/meetings/dialogues with RCEP members and stakeholders. In this regard, the KPIs of holding or participating in 60 and 70 such events/meetings/dialogues were completed in 2023 and 2024 respectively. In 2025, the KPI of holding or participating in related events/meetings/dialogues with RCEP members and stakeholders remains as 70.

The HKSAR Government has formulated a comprehensive, specific and proactive work plan to strive for Hong Kong's accession to RCEP. However, as it involves the engagement with other governments, the HKSAR Government has no plan to disclose to the public the internal work plan as well as the relevant discussion with other economies.

The above work is led by the Commerce and Economic Development Bureau, and supported by the Trade and Industry Department and relevant overseas Hong Kong Economic and Trade Offices. It is conducted with the existing manpower and is part of the regular duties. The expenditure has been subsumed under the overall estimate and cannot be quantified separately.

Note: RCEP member economies include Mainland China, the 10 member states of the Association of Southeast Asian Nations (ASEAN) (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam), Australia, Japan, Korea, and New Zealand.

- End -

CEDB041

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1830)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in paragraph 113 of the Budget Speech that a total of $1.5 billion will be injected into the Dedicated Fund on Branding, Upgrading and Domestic Sales and the Export Marketing and Trade and Industrial Organisation Support Fund. In this connection, will the Government inform this Committee of the following:

What are the amount and the number of projects approved each year under the 2 Funds since their launch? What are the current balance of the 2 Funds?

How many applications were found to contain false information or to have exaggerated the required expenditure for the purpose of securing higher funding in the past?

How will the government scrutinise the applications for the Funds to prevent abuse?

Asked by: Hon LEE Wai-wang, Robert (LegCo internal reference no.: 28)

Reply:

The number of applications and amount of funding approved under the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) in the past 5 years are as follows:

	2020	**2021**	**2022**	**2023**	**2024**
Number of applications approved	881	894	1 335	1 690	2 671
Amount of funding approved ($)	585 million	631 million	956 million	1.147 billion	1.682 billion

The current approved commitment of the BUD Fund is $7 billion. As at end February 2025, the remaining balance was about $1.7 billion.

The Export Marketing and Trade and Industrial Organisation Support Fund (EMTSF) covers the expenditure of the SME Export Marketing Fund (EMF) and the Trade and Industrial Organisation Support Fund (TSF).

The number of applications and amount of funding approved under the EMF in the past 5 years are as follows:

	2020	**2021**	**2022**	**2023**	**2024**
Number of applications approved	10 764	13 998	15 888	21 105	24 875
Amount of funding approved ($)	240 million	232 million	332 million	588 million	809 million

The number of applications and amount of funding approved under the TSF in the past 5 years are as follows:

	2020	**2021**	**2022**	**2023**	**2024**
Number of applications approved	28	12	18	20	18
Amount of funding approved ($)	54.7 million	20 million	32.1 million	39.5 million	30 million

The current approved commitment of the EMTSF is $7.25 billion. As at end February 2025, the remaining balance was about $385 million.

To ensure proper use of public money, stringent vetting procedures have been established for every funding scheme to guard against any abuse of funds or fraudulent claims. For the BUD Fund, the Hong Kong Productivity Council, the Programme Secretariat, will conduct initial vetting of applications and relevant supporting documents submitted by enterprises in accordance with the established procedures and the eligibility and funding criteria specified in the Guide to Application. All applications will be submitted to the Inter-departmental Committee of the Government (comprising representatives from relevant Government departments) for vetting, and then to the Programme Management Committee (PMC) (comprising members from the business sector and small and medium enterprise associations) for consideration and approval. The final payment will only be disbursed after the grantees have submitted project reports and audited accounts to PMC for consideration and approval, and the Programme Secretariat will conduct on-site inspections of selected funded projects depending on the actual circumstances and needs.

As the TSF Secretariat, the Trade and Industry Department (TID) will conduct preliminary assessment for all TSF applications, and then submit the applications to the Vetting

Committee (comprising representatives from various sectors) for consideration and approval. The grantees must submit project reports and audited accounts to the Vetting Committee for consideration and approval, and the funded projects may also be selected for on-site inspections.

For the EMF, all funding applications, together with the documents submitted, must be vetted by vetting officers of TID in accordance with the procedures and the relevant vetting criteria. Applications that cannot meet the application criteria, funding conditions and requirements or those failing to provide the required documents of proof will be rejected. If it is found during the vetting process that an application fails to meet the funding conditions (including suspected furnishing of false information or overstating of expenses), relevant expenses will be deducted or the application will be rejected.

If any application or approved project is suspected of obtaining funding illegally, the case will be referred to the law enforcement agencies for action. To date, there have been no prosecution cases for the BUD Fund, the EMF and the TSF.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB042

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1831)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As mentioned in paragraph 116 of the Budget Speech, to further assist local small and medium enterprises in tapping into the Mainland market and increasing sales from electronic commerce (e-commerce) markets, the Hong Kong Trade Development Council will launch the "E-Commerce Express" in collaboration with large-scale e-commerce platforms to provide Hong Kong enterprises with one-to-one consultation services and thematic seminars. In this connection, will the Government inform this Committee of the following:

What are the specific measures to be taken by the Government in implementing the "E-Commerce Express"? How many Hong Kong enterprises are expected to participate?

How will the Government promote collaboration between e-commerce and financial institutions to enhance support for trade finance related to e-commerce?

Will the Government set key performance indicators for the "E-Commerce Express"? What are the estimated manpower and expenditure to be involved?

Asked by: Hon LEE Wai-wang, Robert (LegCo internal reference no.: 29)

Reply:

The 2025-26 Budget announced that the Hong Kong Trade Development Council (HKTDC) will implement the "E-Commerce Express" ("電子商務快車"). HKTDC has renamed the Chinese name of the service as "電子商務快綫". To address the pain points encountered by Hong Kong enterprises when developing cross-border e-commerce on the Mainland, HKTDC will, in collaboration with large-scale e-commerce or social media platforms, conduct a series of thematic training seminars and research sharing sessions to cover practical topics including the Mainland and overseas e-commerce market landscapes, legal compliance, operational strategies and features of both traditional and emerging online shopping platforms, how to establish fanbase, livestreaming production techniques, etc., with a view to providing more comprehensive support for SMEs interested in tapping into the e-commerce market.

One of the key activities to be supported by the "E-Commerce Express" will be the 2nd edition of the Hong Kong Shopping Festival (HKSF) scheduled for August 2025. The event aims at providing SMEs with practical experience in utilising e-commerce platforms to tap into the Mainland market. Drawing on the experience in organising the inaugural HKSF, HKTDC will continue to bring together Hong Kong enterprises to offer discounts in Mainland online stores and arrange enterprises to conduct livestreaming promotion on Mainland e-commerce platforms. It is anticipated that the scale of the 2nd edition of the HKSF will be larger than that of the inaugural HKSF, including showcasing more brands and covering major consumer products, in particular food and health supplements which are popular among Mainland consumers, while at the same time featuring more promotional channels to help Hong Kong enterprises raise brand exposure and grasp the opportunities in the Mainland e-commerce market.

The "E-Commerce Express" helps strengthen support for SMEs to tap into the Mainland market and increase e-commerce sales. The number of enterprises participating in various activities under the "E-Commerce Express" varies according to different factors (including the activity nature, enterprises' product type, target consumer groups of different e-commerce and social platforms, etc.). As such, it is difficult to estimate the number of participating enterprises of each activity and set specific performance indicators.

The manpower and expenditure of the Commerce and Economic Development Bureau and HKTDC for implementing the "E-Commerce Express" have been subsumed under the respective overall establishment and estimates, and cannot be quantified separately.

As regards trade financing, the Hong Kong Export Credit Insurance Corporation (ECIC) has collaborated with financial institutions to offer protection for trade loans for e-commerce merchants in Hong Kong. ECIC will continue to proactively seek to cooperate with more financial institutions to enhance its support for exporters in acquiring trade financing relevant to e-commerce.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB043

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1422)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Budget that Government supports local enterprises by, among others, continuing the Dedicated Fund on Branding, Upgrading and Domestic Sales and the SME Financing Guarantee Scheme (SFGS). In this connection, will the Government inform this Committee of the following:

(1) the latest default rate and the loan guarantee amount involved under the Special 100% Loan Guarantee of the SFGS; and

(2) whether the Hong Kong Monetary Authority has ever proactively initiated recovery actions in the past, and the number of cases and the amounts involved?

Asked by: Hon LEUNG Man-kwong (LegCo internal reference no.: 18)

Reply:

The Special 100% Guarantee Product of the SME Financing Guarantee Scheme (SFGS) was launched in 2020 and its application period ended in end March 2024. Its cumulative default figures as at end February 2025 are as follows:

	Special 100% Guarantee Product Note
Number of Default Cases	9 360
Loan Guarantee Amount of Default Cases ($)	20.1 billion
Default Rate	14%

Note: Some applications submitted before the end of the application period were approved in April 2024 or later.

The SFGS is administered and managed by HKMC Insurance Limited (HKMCI). The Hong Kong Monetary Authority is not involved in the implementation of the SFGS. HKMCI has been working closely with lending institutions on properly handling default cases. In the event that a borrowing enterprise defaults on repayments, the lending institution will first discuss a feasible repayment plan with the borrowing enterprise, e.g. repaying only the interest or part of the principal during a transition period, so that the borrowing enterprise can continue its operation while making a debt restructuring arrangement as soon as possible, with a view to gradually resuming normal repayments.

If the lending institution and the borrowing enterprise could not reach agreement on the repayment or the latter refuses to cooperate, the lending institution will consider taking appropriate recovery/legal actions in accordance with its policy and prevailing commercial practice, including requesting the enterprise and guarantor to repay the loan, filing a petition for winding-up and/or bankruptcy with the court, etc. with a view to reducing the loss of the Government.

As at end February 2025, lending institutions have been taking recovery actions against around 5 000 default cases, and have already taken/are taking legal actions against 3 440 cases (including cases where the relevant creditors have applied for liquidation/bankruptcy against the borrowing enterprises due to the latter's default on debts other than the Special 100% Guarantee Product).

As at end February 2025, the cumulative default rate of the Special 100% Guarantee Product under the SFGS was about 14%, lower than the assumed overall default rate (25%). The actual default rates of the SFGS are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises, etc. The Government and HKMCI will continue to monitor the situation closely.

- End -

CEDB044

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3018)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The Government will make efforts to promote education on the ethical use of artificial intelligence (AI) and raise the public awareness of copyright. In this connection, please inform this Committee of the following:

(a) How many education activities relating to AI and copyright does the Government plan to organise in the coming year and what is the estimated expenditure involved?

(b) Will a dedicated fund be established to support the work of schools or institutions to promote education relating to AI and copyright? If yes, what is the size of the fund?

Asked by: Hon LEUNG Mei-fun, Priscilla (LegCo internal reference no.: 33)

Reply:

Having consulted the Innovation, Technology and Industry Bureau and the Constitutional and Mainland Affairs Bureau, a consolidated reply is as follows:

Artificial intelligence (AI) is a key driver of global technological innovation and economic development, with applications spanning multiple fields and having a profound impact on societal and industrial development. However, the widespread application of AI also comes with challenges related to ethics, privacy, copyright, etc. Therefore, the Government places great importance on the ethical use of AI and copyright protection, and is committed to raising public awareness and application capabilities through education and promotional efforts.

The Digital Policy Office (DPO) formulated the "Ethical Artificial Intelligence Framework" (Framework) in 2021 to provide guidance for bureaux and departments when implementing projects that involve the use of AI technologies, and to identify and manage potential risks of the projects and other issues (such as personal privacy, data security and management, etc.).

The DPO updated the Framework in August 2023, supplementing it with the challenges and suggested practices regarding generative AI so as to assist bureaux and departments in planning, designing and using AI in information technology projects and services. Since September 2022, the Framework has been uploaded to the DPO's website for public reference.

Additionally, the Government has commissioned the Hong Kong Generative AI Research and Development Center of InnoHK to study and suggest appropriate guidelines, through practice and application, on areas such as the accuracy, responsibility and information security of generative AI technology and application. It is expected that these guidelines would be released in 2025 for reference by the Government and the industry.

The Office of the Privacy Commissioner for Personal Data published the "Guidance on Ethical Development and Use of Artificial Intelligence" in 2021 and the "Artificial Intelligence: Model Personal Data Protection Framework" in 2024. Based on internationally-recognised principles and best practices, the 2 sets of guidance provide recommendations on AI governance and the protection of personal data privacy, with a view to assisting organisations in understanding and complying with the relevant requirements of the Personal Data (Privacy) Ordinance when they develop, procure, implement and use AI systems, including generative AI systems.

Regarding intellectual property (IP), the Intellectual Property Department (IPD) attaches great importance to enhancing the awareness of and respect for IP rights, including copyright. The IPD collaborates with various organisations from time to time in conducting talks, creative competitions, large-scale promotional events, etc. and supports a diversified range of publicity and education activities. The IPD also produces government publicity videos from time to time, and launches activities targeting students, such as interactive drama programmes, visits to primary and secondary schools as well as seminars in tertiary institutions, to put across the messages of respecting creativity, protecting IP rights, stopping online IP infringement, etc. The IPD will continue these efforts to enhance public awareness of IP.

Furthermore, the IPD launched the IP Manager Scheme PLUS (the Scheme) in October 2020 to meet the development needs of enterprises, providing more comprehensive and in-depth IP training courses and practical workshops. Topics such as copyright protection and AI have already been incorporated into several training courses and workshops. The IPD will continue to enhance the Scheme and training courses for provision of IP training to different sectors. It is expected that the training courses and practical workshops will attract more than 1 000 participants in the 2025-26 financial year.

Promoting awareness of and respect for IP is part of the IPD's ongoing publicity, education and marketing efforts. It is therefore difficult to quantify the resources involved separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB045

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3036)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Paragraph 43 of the Budget Speech states that intellectual property (IP) is an important foundation for the development of emerging industries, and the Government will review the relevant tax deduction arrangements to accelerate the development of IP-intensive industries and promote the development of IP trading in Hong Kong. In this connection, please advise this Committee on the following:

In addition to tax deduction, will the Government introduce new support measures to promote IP trading? If yes, what are the details? If no, why not?

Asked by: Hon LEUNG Mei-fun, Priscilla (LegCo internal reference no.: 10)

Reply:

Under the steer of the Commerce and Economic Development Bureau, the Intellectual Property Department (IPD) has been working closely with different stakeholders, including other government departments, public organisations (such as the Hong Kong Trade Development Council (HKTDC)) and professional bodies (such as the Law Society of Hong Kong), to implement a series of measures in accordance with the Chief Executive's Policy Addresses to strengthen protection for the products of innovation and creativity yielded by research and development efforts, promote intellectual property (IP) commercialisation and IP trading, and strengthen Hong Kong's role as a regional IP trading centre. Major initiatives for 2025 are set out below:

- **Enhance the legal framework for IP protection.** The Government already consulted the Legislative Council (LegCo) Panel on Commerce, Industry, Innovation and Technology in February 2025 on the proposal to amend the Copyright Ordinance (CO) to, on the premise of allowing the copyright owners to reserve their rights, foster a favourable environment for the development of artificial intelligence (AI). The goal is to submit the relevant amendment bill to the LegCo in the first half of 2025. The Government will also table subsidiary legislation under the CO in the LegCo within 2025 to specify libraries, museums and archives eligible for certain permitted acts and prescribe the conditions, and designate non-government-owned libraries, museums or archives that can be exempted from certain criminal liabilities. Moreover, the Government will launch a consultation in 2025 on the registered designs regime currently under review. On trade mark, the Government will continue to forge ahead with the preparatory work for implementing the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks in Hong Kong, and strive for the implementation of the international trade mark registration system as soon as possible. The Trade Mark Registry under the IPD will launch a new AI-assisted image search service in 2025 to facilitate the public's search of the trade mark database. The Government is also proposing legislative amendments to streamline IP litigation processes for the High Court to manage and hear these cases more effectively. In addition, with the Central Government's support, Hong Kong will participate in the World Intellectual Property Organization (WIPO) Lex-Judgments Database in 2025, sharing important IP case precedents of local courts, to showcase to the international community the quality of our IP-related judicial judgements.

- **Support the innovation and technology sector by means of the patent system.** In addition to the ongoing efforts to strengthen the substantive examination capability of the patent examination team under the original grant patent system with a view to acquiring institutional autonomy in conducting substantive patent examination in 2030, the Government will continue to discuss with the patent agent sector and stakeholders to plan for the introduction of regulatory arrangements for local patent agent services, covering qualification, registration, and other areas, aiming to nurture professional talents and enhance service quality. The IPD will also continue to press ahead with the establishment of a WIPO Technology and Innovation Support Centre (TISC) in Hong Kong, targeting for official commissioning in end 2025 the earliest. Upon its commissioning, the TISC is expected to provide local small and medium enterprises, start-ups and entrepreneurs with high-quality IP (especially patents) information and services, and assist them in exploring their innovation potential, as well as creating, protecting, managing and commercialising their IP.

- **Strengthen the grooming of IP talents.** The IPD will continue to enhance its manpower training programmes, with a target to provide IP training for 5 000 personnel across different industries within the current term of the Government, and to collaborate with the Department of Justice to promote IP mediation and arbitration services. It will also collaborate with the Qualifications Framework Secretariat to develop practical teaching materials for deployment by training providers, benefitting personnel across 23 different industries, and complete a survey on Hong Kong's IP-related professional and business services within 2025 to facilitate future manpower planning. Besides, the IPD will promote IP to 200 000 students within the current term of the Government, doubling the original target, to reinforce awareness of respecting and protecting IP rights, and encourage students to actively explore and innovate.

- **Enhance external promotion.** The IPD will continue its liaison with the Mainland, regional and international organisations to promote Hong Kong's role as the regional IP trading centre, and work with the HKTDC and relevant stakeholders to promote IP trading and professional services through trade missions, seminars and publicity programmes, including continuously co-organising with the HKTDC the annual Business of IP Asia Forum, which is expected to attract over 10 000 local, Mainland and overseas participants within the current term of the Government. The HKTDC will continue to enrich the Hong Kong International Film and TV Market, the Hong Kong International Licensing Show, the Hong Kong Book Fair, and the Asia IP Exchange portal with more trading elements, such as including more business-matching activities and providing additional market information on IP trading and professional support services, so as to strengthen support for local original works to exploit the Mainland and international markets.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3048)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

It is mentioned in paragraph 109 of the Budget Speech that to attract more inward investment and enterprises from the Global South markets to Hong Kong, the Government is following up actively with the governments of Malaysia and Saudi Arabia on the establishment of Economic and Trade Offices (ETOs) in these 2 countries. In addition, InvestHK has established consultant offices in Cairo, Egypt and Izmir, Türkiye. The Hong Kong Trade Development Council (HKTDC) has also set up a consultant office in Cambodia. In this connection, please advise this Committee of the following:

1. With respect to departments and organisations such as ETOs, InvestHK and HKTDC, are they each currently responsible for exploring resources in different countries and regions? If yes, what are the details? If no, what are the reasons?

2. Will the Government consider consolidating the results achieved by departments and organisations such as ETOs, InvestHK and HKTDC in attracting enterprises and investment, so that special attention can be focused on high-quality projects and investment that can better unleash Hong Kong's strengths and better suit the long-term development of the Hong Kong Special Administrative Region? If yes, what are the details? If no, what are the reasons?

Asked by: Hon LEUNG Mei-fun, Priscilla (LegCo internal reference no.: 6)

Reply:

The Economic and Trade Offices (ETOs) are the official representatives of the Hong Kong Special Administrative Region (HKSAR) Government in countries under their purview, performing a wide range of functions. With the exception of the Geneva ETO [Note 1], the other ETOs handle bilateral affairs (including those on economic and trade, as well as cultural exchanges) between Hong Kong and countries under their purview. Every year, ETOs organise and participate in various activities on areas of external commercial relations, public relations and investment promotion [Note 2].

ETOs are committed to maintaining close communication and exchanges with the international community and overseas stakeholders in different sectors (including government officials, think tanks, media organisations, academics, cultural and business groups and other key opinion leaders in countries under their purview), promoting and explaining the HKSAR Government's important policies and Hong Kong's unique advantages under "one country, two systems", with a view to telling the good stories of Hong Kong and promoting economic and trade development between Hong Kong and overseas. In addition to regularly providing local stakeholders with the latest information on Hong Kong through newsletters and social media, ETOs have direct dialogues with various local stakeholders, and meet with the media and take the initiative to publish articles to rebut biased reports and to set the record straight. Also, ETOs have been proactively supporting and participating in various conferences and fora organised by the local governments, business organisations and groups, and assisting in arranging overseas visits by the Chief Executive and other HKSAR Government officials to establish and deepen networks with local sectors. They also, in collaboration with policy bureaux and departments, relevant organisations, chambers of commerce and professional bodies, organise and participate in various events in different cities, including conferences, seminars, cultural and arts performances, exhibitions, film festivals and sports events, so as to enhance publicity and promotion work.

Invest Hong Kong (InvestHK) and the Hong Kong Trade Development Council (HKTDC) mainly serve the business community. InvestHK is responsible for promoting inward direct investment to Hong Kong. Through its teams based in Hong Kong, the Dedicated Teams for Attracting Businesses and Talents based in ETOs, as well as consultant offices in other locations, the Department has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages. As for HKTDC, it is responsible for trade promotion as well as facilitating, assisting and developing trade in Hong Kong. Through organising international exhibitions, conferences and business missions, HKTDC creates business opportunities in the Mainland and international markets for Hong Kong enterprises. Although the 2 agencies' functions differ, they have been working closely together and are dedicated to promoting Hong Kong as a two-way global investment and business hub, thereby fully leveraging Hong Kong's advantages as a two-way springboard for the Mainland and rest of the world.

While ETOs, InvestHK and HKTDC are responsible for different aspects of work, they also collaborate from time to time to generate synergy, thereby jointly promoting bilateral economic and trade relations between Hong Kong and overseas economies.

Note 1: The Geneva ETO represents Hong Kong, China in the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development, and is mainly responsible for handling issues relating to these organisations. The work on bilateral economic and trade relations with Switzerland is handled by the Berlin ETO.

Note 2: The Washington ETO is mainly responsible for liaising with the political circle in the United States (US), and the New York ETO is responsible for attracting businesses and talents in the eastern states of the US.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB047

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2323)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(3) Telecommunications
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

It is mentioned in the Budget that the Bureau will oversee the implementation of the Real-name Registration Programme for Subscriber Identification Module Cards and implement relevant enhancements. In this connection, will the Government advise this Committee of the following:

(a) What are the specific enhancements? What is the expected timetable for implementation? What are the estimated expenditure and staffing involved?

(b) As mentioned in the Budget, the Bureau will work with the Office of the Communications Authority to encourage organisations in more trades/industries to join the SMS Sender Registration Scheme in order to assist the public in ascertaining the authenticity of SMS sender addresses. How will the Bureau encourage the support of the organisations?

(c) In the face of the recent reappearance of using illegal radio jammers (commonly known as fraudulent mobile base stations) to send phishing SMS messages, how will the Bureau deal with the issue? Will it consider providing additional manpower to step up efforts in publicity and promotion?

Asked by: Hon LEUNG Tsz-wing, Dennis (LegCo internal reference no.: 18)

Reply:

The Real-name Registration Programme for SIM Cards (RNR Programme) has been fully implemented since 24 February 2023, requiring that all SIM cards issued and used locally (including SIM service plans and pre-paid SIM cards (PPS cards)) must complete real-name registration before service activation. To assist the Police in combating fraudsters using false information for registration, the Office of the Communications Authority (OFCA) has been maintaining close liasion with telecommunications service providers (TSPs) and the Police, and has requested TSPs to enhance their registration platforms taking into account the operational experiences since the implementation. Starting from 1 October 2024, Hong Kong identity (HKID) card holders completing real-name registration for PPS cards via TSPs' online registration platforms will by default register and verify their identities through the mobile application "iAM Smart". OFCA has also required TSPs to conduct full manual verification of the registration information for PPS cards submitted on the online registration platforms by all non-HKID holders (e.g. those using valid travel documents or passports).

Besides, OFCA has all along required TSPs to conduct regular sampling checks on the registration information of registered PPS card users and perform manual checks on suspected cases. If users subject to sample checks are unable to verify the registration information following the instructions of the respective TSPs, the relevant PPS cards may be deregistered and cannot be used further. Upon detection of suspicious cases (including PPS cards registered using another person's identity card), TSPs will refer the cases to the Police for follow-up action as soon as possible. Since the implementation of the RNR Programme, as at end February 2025, around 4.3 million PPS cards were rejected as a result of failure of clients in providing information in compliance with the registration requirements. In addition, TSPs cancelled the registration records of about 3.2 million non-compliant PPS cards.

To further ensure the effective implementation of the RNR Programme, we are reviewing the overall implementation of the RNR Programme, including reviewing the limit on the number of PPS cards as well as prohibiting the sale of registered SIM cards. The Government is formulating details of relevant legislative amendments with a view to introducing them into the Legislative Council within 2025.

As regards the SMS Sender Registration Scheme (the Scheme), it has been implemented since 28 December 2023, and was fully opened to all industries in February 2024, with a view to helping members of the public identify SMS senders and enhance anti-fraud awareness. As of 7 March 2025, over 480 public and private organisations have joined the Scheme, including TSPs, banks, government departments and statutory bodies, as well as companies from various sectors. OFCA will continue to actively engage more organisations that frequently communicate with the public/customers via SMS messages to participate in the Scheme.

In response to recent incidents of criminals using illegal radiocommunications apparatus to transmit SMS messages, OFCA has instructed all TSPs to enhance monitoring of abnormal network signals, and establish a reporting mechanism. If similar cases are detected in future, OFCA will promptly coordinate with the Police to take follow-up actions.

To enhance public education and publicity, OFCA launched the "District Anti-Phone Deception Ambassador Scheme" (the Ambassador Scheme) in mid-January 2025 and invited the participation of District Council (DC) members and staff members of their ward offices from all 18 districts in Hong Kong. Over 150 DC members' ward offices supported the initiative, with more than 300 DC members and their staff members joined the Ambassador Scheme as District Anti-Phone Deception Ambassadors (Ambassadors). OFCA organised anti-deception information seminar and provided information packs to all Ambassadors to introduce them measures to combat phone scam and related anti-fraud messages. OFCA has also provided participating DC members' ward offices with anti-phone scam promotional leaflets and souvenirs for distribution during their community activities and daily contacts with residents to promote the anti-fraud messages and raise anti-phone scam awareness. OFCA will continue to visit different districts in 2025 and collaborate with the Ambassadors for roadshows and other promotional activities to strengthen the promotion of relevant messages. In addition, OFCA will, from time to time, issue press releases, broadcast TV and radio announcements, publish social media posts, produce and distribute promotional leaflets and posters, and organise different activities such as roving exhibitions, community talks and school drama performances, etc. to spread anti-phone scam messages. OFCA will continue its efforts in utilising various channels for public education and publicity to deliver anti-phone scam messages to the public more comprehensively.

The above work will be absorbed within OFCA's existing resources.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB048

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2334)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The BUD Fund (Dedicated Fund on Branding, Upgrading and Domestic Sales) is a funding scheme for supporting Hong Kong enterprises to develop brands, upgrade and restructure their operations and promote sales in the Mainland and other markets with which Hong Kong has signed Free Trade Agreements (FTAs) and Investment Promotion and Protection Agreements (IPPAs). In July 2024, the Government announced the launch of "E-commerce Easy" under the BUD Fund to provide funding support for enterprises in developing electronic commerce (e-commerce) business. The Government is now planning to expand the coverage of "E-commerce Easy" to the 10 ASEAN countries and increase the funding support for green transformation projects. In this connection, will the Government inform this Committee of the following:

(a) the proportion of the estimated expenditure for expansion in the ASEAN markets in the overall size of the BUD Fund, and whether differentiated budgets will be formulated for different markets (e.g. the Mainland and ASEAN markets) when considering the estimated funding allocation;

(b) the dedicated budgetary size and funding ceiling for green transformation projects;

(c) for the past 3 years, the business situation of grantees in the Mainland and FTA markets and the number of enterprises managed to continue expansion in the targeted markets beyond the funding period (e.g. survival rate or market share), and whether efforts have been made to track the proportion of and reasons for "unsuccessful cases" (e.g. business downsizing or market exit upon ending of funding support).

Asked by: Hon LEUNG Tsz-wing, Dennis (LegCo internal reference no.: 29)

Reply:

To assist Hong Kong enterprises in developing the Mainland market through electronic commerce (e-commerce), the Government launched "E-commerce Easy" under the Dedicated Fund on Branding, Upgrading and Domestic Sales (the BUD Fund) on 15 July 2024 to allow enterprises to make use of the funding more flexibly to implement e-commerce projects on the Mainland. Since 14 March 2025, we have expanded the geographical coverage of "E-commerce Easy" to the 10 countries of the Association of Southeast Asian Nations (ASEAN), and stated in the Guide to Application that the scope of the BUD Fund covers implementation of green transformation projects that assist enterprises in business development. Specific measures include conducting carbon audits for newly developed products to enter target markets, upgrading production lines or applying new technologies to meet the environmental standards or legal requirements of target markets, etc. Enterprises can apply for funding support to implement green transformation projects through the general application track of the BUD Fund. The funding ceiling for each approved application is $800,000.

The estimated expenditure of the BUD Fund in 2025-26 is $1.292 billion, including the manpower and other fees provided to the Hong Kong Productivity Council as the Programme Secretariat for implementing the BUD Fund, as well as disbursements to grantees. Whether an applicant enterprise will develop e-commerce business in the ASEAN market or implement green transformation projects will be affected by factors such as its business nature and scale, development strategies, target markets, etc. As such, the Government has not budgeted separate provisions according to the market or project nature.

On the other hand, the Government, through the Programme Secretariat, has been conducting project completion surveys and annual tracking surveys to assess the effectiveness of the BUD Fund. As at end February 2025, around 99% of the enterprises that responded to the project completion surveys considered the BUD Fund useful in supporting their business development. The enterprises also generally considered that the funded projects had helped them in various areas, including enhancing corporate image, awareness of their brands/products/services and their overall competitiveness, etc. Moreover, around 99% of the enterprises that responded to the annual tracking surveys considered the BUD Fund useful to their long term development.

Around 70% of the funded enterprises that responded to the annual tracking surveys indicated that within 1 year after completion of their projects, they had further developed business on the Mainland or in other markets with which Hong Kong has signed free trade agreements/investment promotion and protection agreements, such as increasing the number of local dealers and establishing additional online shops. For the funded enterprises that did not further develop business in target markets, most of them indicated that it stemmed from changes in the market generally or in the economic environment.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3110)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (3) Telecommunications

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. Regarding the implementation of a subsidy scheme to extend 5G coverage in rural and remote areas, how is the estimated amount arrived at and what are the specific cost considerations?

2. How will the funding of the subsidy scheme be allocated to the participating mobile network operators? Will the allocation be based on the size of the coverage area undertaken by the operators, the number of base stations to be built, or other quantitative indicators? What is the weight given to each quantitative indicator in the allocation of funds?

3. Are there any performance indicators set for the use of funds under the subsidy scheme? If yes, how will the effectiveness of the scheme, as well as whether the enhancement of mobile network coverage in rural and remote areas has met the expectation be assessed based on the indictors?

Asked by: Hon LI Sai-wing, Stanley (LegCo internal reference no.: 38)

Reply:

The Commerce and Economic Development Bureau and the Office of the Communications Authority (OFCA) have formulated details of the Subsidy Scheme to Extend 5G Coverage in Rural and Remote Areas (Subsidy Scheme). After consulting relevant District Councils, Rural Committees and local representatives, the Panel on Information Technology and Broadcasting of the Legislative Council was consulted on 10 February 2025 and expressed support on the Subsidy Scheme. The Subsidy Scheme will subsidise mobile network operators (MNOs) to install radio base stations (RBS) in around 50 sites across Hong Kong. The subsidy amount for each RBS project will be capped at $2 million. An additional subsidy of not more than $2 million (i.e. the cap for the entire project is $4 million) will be provided for these RBS projects involving more complex works. The subsidy will be granted on a reimbursement basis.

All licensed MNOs in Hong Kong are eligible to participate in the Subsidy Scheme and submit to OFCA specific and detailed technical proposals (including RBS design, the works to be carried out, etc.) for installing RBS at suitable sites. OFCA will carefully scrutinise the technical proposals and assess the complexity of the works to determine whether applications should be approved and whether the RBS should be qualified as a project involving more complex works so as to decide the subsidy cap for the relevant projects. The amount of subsidy granted to each MNO will depend on the number of RBS projects that they eventually participate in and the actual expenses involved. Upon completion of RBS installation and commencement of services, MNOs need to submit necessary documentation to demonstrate that the RBS have been providing quality mobile communications services. They will receive the subsidy after vetting of relevant expenses by OFCA.

The Subsidy Scheme will be implemented in 2 phases. Around 30 sites with more mature infrastructure or imminent need for improved mobile network coverage will be included in Phase I of the Subsidy Scheme. The remaining 20 sites that require additional time or further technical feasibility studies to enable RBS installation will be included in Phase II. The total estimated amount involved in setting up about 50 RBS under the entire Subsidy Scheme is about $154 million.

Regarding the specifications of RBS, RBS installed under the Subsidy Scheme must provide 5G (or more advanced communications technologies) services with a minimum average download speed of no less than 100Mbps. The Government will seek funding approval from the Legislative Council in accordance with the established mechanism. OFCA will launch the Subsidy Scheme as soon as possible within this fiscal year upon relevant funding approval. MNOs must complete relevant RBS installation works and commence services within the next 12 months from the date that the application is approved. We anticipate that upon the commissioning of all relevant RBS, the mobile network coverage of country parks will be enhanced to at least 90%, while coverage along major government hiking trails will exceed 98%.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3111)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. The original estimate under "Commerce and Industry" for 2024-25 was \$5,834.1 million, but the revised estimate increased to \$13,468.9 million. Which are the areas that contributed to the difference in the two estimates? What are the reasons for the difference?

2. The approved commitment for the Incentive Scheme for Recurrent Exhibitions was \$1.4 billion. The revised estimated expenditure for 2024-25 stood at only \$623 million, leaving a balance of about \$948 million. Why was an increase in commitment of \$500 million proposed in the 2024 Policy Address?

3. Please provide detailed data on the cost-effectiveness and analysis of the revised estimated expenditure of \$623 million on the Incentive Scheme for Recurrent Exhibitions for 2024-25. What are the objectives, estimated expenditure and expected outcomes of the Incentive Scheme for Recurrent Exhibitions 2.0 to be launched?

Asked by: Hon LI Sai-wing, Stanley (LegCo internal reference no.: 39)

Reply:

The 2024-25 revised estimate under Programme (2) Commerce and Industry is \$7.6348 billion (130.9%) higher than the original estimate, with the increased provision (about 98% and 2% respectively) allocated to the SME Financing Guarantee Scheme – Guarantee Products and the Incentive Scheme for Recurrent Exhibitions (ISRE) due to the expected increase in the cash flow requirement of these 2 schemes in 2024-25. With the exhibition industry continuing to improve in 2024-25, the number of eligible applications received under ISRE and the incentive amount involved are higher than expected.

The Government launched the ISRE on 1 July 2023. As at end February 2025, ISRE supported 174 eligible exhibitions of different scales which were organised by private organisers, involving a total incentive of $896 million. The exhibitions supported by ISRE have attracted numerous participants, including exhibitors and buyers, benefitting the convention and exhibition (C&E) industry, while bringing in high-spending business travellers that drive economic activities in such related sectors as accommodation, catering, retail and entertainment, thereby benefitting various industries.

With the success of the existing ISRE in facilitating the full recovery of the C&E industry after the pandemic, to further consolidate Hong Kong's position as an international trade centre, the 2024 Policy Address announced that the Government would allocate an additional provision of $500 million for implementing the ISRE 2.0, focusing on attracting new and recurrent international exhibitions of a large scale, so as to further promote the development of the C&E industry and the mega event economy, thereby generating overall economic benefits for Hong Kong. To this end, we have engaged the major stakeholders of the C&E industry, and worked out the arrangements for the ISRE 2.0 taking into account the views received and the operational experience of the existing ISRE.

Same as the existing scheme, the ISRE 2.0 will only subsidise venue rentals of eligible exhibitions organised by private organisers at the specified venues. The ISRE 2.0 aims at attracting more new and recurrent international exhibitions of a large scale, boosting the vibrancy of the C&E industry in Hong Kong. Some new features will be introduced under the new scheme, including:

- only international exhibitions attracting at least 1 500 non-local participants (including exhibitors and buyers) will be covered;

- the maximum incentive for each eligible exhibition will be capped at $10 million; and

- the Central Harbourfront Event Space and relevant parts of the West Kowloon Cultural District will be designated as specified venues, alongside the Hong Kong Convention and Exhibition Centre and AsiaWorld-Expo.

All of the above will enable the ISRE 2.0 to focus on international events, benefit more eligible exhibitions and offer more venue options to the organisers. While we initially estimate that the cash flow requirement for 2025-26 will increase, the actual cash flow will depend on such factors as the number of applications and the incentive amount.

- End -

CEDB051

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1039)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (6) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned under Matters Requiring Special Attention in 2025-26 that support services will be provided for enterprises having established international or regional headquarters in Hong Kong for managing offshore trading and supply chain through the overseas offices under the Hong Kong Trade Development Council. In this connection, please inform this Committee of the following:

(1) What are the future work plans of the Economic and Trade Offices to promote the role of Hong Kong as a supply chain management centre?

(2) What plans does the Government have to provide training, certification, consultation and other services on areas such as environmental, social and governance for Mainland enterprises seeking to go global, so as to establish a high value-added supply chain management services mechanism?

(3) Are there any plans to attract small and medium enterprises of emerging industries to establish headquarters in Hong Kong for managing supply chains?

(4) To facilitate the building of a multinational supply chain management centre, are there any plans for the coming year to conduct comprehensive and in-depth research on emerging markets, such as those in the Middle East, Central Asia and Latin America? If so, what are the details and estimated expenditure to be involved?

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 25)

Reply:

The global trade landscape and geopolitics are rapidly changing, with parts of the supply chains shifting to the Global South and Belt and Road countries, while Mainland enterprises are also proactively establishing their presence abroad. To cope with this trend, it was announced in the 2024-25 Budget that the Government's goal was to develop Hong Kong into a multinational supply chain management centre. In his 2024 Policy Address, the Chief Executive further requested Invest Hong Kong (InvestHK) and the Hong Kong Trade Development Council (HKTDC) to set up a high value-added supply chain services mechanism for attracting Mainland enterprises to establish international or regional headquarters in Hong Kong for managing offshore trading and supply chain, and providing one-stop professional advisory services for enterprises in Hong Kong looking to go global. In December 2024, InvestHK and HKTDC established the above mechanism to jointly encourage Mainland enterprises (including small and medium enterprises of emerging industries) to establish presence in Hong Kong.

Through its Dedicated Teams for Attracting Businesses and Talents based in the Mainland Offices, InvestHK is proactively organising activities under the theme of multinational supply chains, so as to actively reach out to more Mainland enterprises for investment promotion work. As at end-February 2025, InvestHK had organised and co-organised around 20 relevant investment promotion activities in various Mainland cities, including Hangzhou, Nanjing and Xiamen, etc. within around 1 year's time.

Meanwhile, HKTDC is providing one-stop professional advisory services for enterprises in Hong Kong and, through its overseas offices, rendering on-site support services. These services include assisting enterprises in establishing connections with overseas markets and understanding overseas laws and regulations; providing market research covering various emerging markets such as the Middle East, Central Asia and Latin America; as well as providing information on various areas including environmental, social and governance (ESG), testing and certification and export credit risk management. Furthermore, in view that Hong Kong's business sector possesses rich knowledge and profound experience in handling compliance, labour protection, environmental protection and other requirements of overseas markets, HKTDC facilitates collaboration between enterprises and different organisations and industry stakeholders to provide ESG training, etc. for Mainland enterprises seeking to expand their reach to overseas markets. This will help them build goodwill with business partners and expand their markets.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB052

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1041)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (6) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2025-26, the Commerce and Economic Development Bureau will, among others, support small and medium enterprises (SMEs) and start-ups to grow and transform amid the world's new digital and sustainability agenda, and promote awareness of Hong Kong brands to develop the national domestic sales market. In this connection, will the Government inform this Committee:

(1) of the plans and measures for supporting SMEs in environmental, social and governance development as well as digital transformation in the coming year, and the estimated expenditure to be involved;

(2) of the number of Hong Kong enterprises provided with support under the "Transformation Sandbox" business support programme in the past year, and the details of expenditure and manpower involved;

(3) of the total number of "GoGBA missions" organised in the past year, the number of participating enterprises, as well as the details of government manpower and expenditure involved;

(4) given that the Government has announced that Hong Kong Image Pavilions will be set up at key Mainland expos and a Hong Kong Day networking event will be organised at the China International Import Expo in the coming year, of the details of the expenditure to be involved and the expected number of participating Hong Kong enterprises?

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 26)

Reply:

Implementation of Environmental, Social and Governance (ESG) and Digital Transformation in Small and Medium Enterprises (SMEs)

The Commerce and Economic Development Bureau (CEDB) implements various support measures or provides funding, through the Hong Kong Trade Development Council (HKTDC) and the Trade and Industry Department (TID), to drive SMEs to accelerate the ESG and digital transformation.

HKTDC incorporates ESG-related discussion elements or seminars into their conferences and fairs as appropriate, and collaborates with start-up organisations across Asia to showcase innovative products and green solutions at fairs to provide SMEs with support and services. It also introduces various activities and training to help SMEs develop the electronic commerce (e-commerce) market and enhance their digital competitiveness by making good use of social media platforms, artificial intelligence (AI) and other applications. The work of HKTDC during 2025-26 will include:

- inviting environmentally conscious fashion brands to promote circular fashion at CENTRESTAGE to be held in September 2025 and drive the industry towards a greener future;

- working with ESG-related multipliers to offer sustainability workshops and ESG certification courses for Transformation Sandbox (T-box) members;

- launching the "HKTDC ESG Index", including one overall rating and three sub-indices on ESG, to analyse how international businesses perceive Hong Kong's strengths across the three ESG criteria and help businesses gauge the efficacy of Hong Kong as a platform for sourcing ESG-related products and services;

- implementing the "E-Commerce Express" to address the pain points encountered by Hong Kong enterprises when developing cross-border e-commerce on the Mainland and, in collaboration with large scale e-commerce or social media platforms, conducting a series of thematic training seminars and research sharing sessions to cover practical topics including the Mainland and overseas e-commerce market landscapes, legal compliance, operational strategies and features of both traditional and emerging online shopping platforms, how to establish fanbase, livestreaming production techniques, etc., with a view to providing more comprehensive support for SMEs interested in tapping into the e-commerce market;

- organising the 2nd edition of the Hong Kong Shopping Festival scheduled for August 2025, bringing together Hong Kong enterprises to offer discounts in Mainland online stores and arranging enterprises to conduct livestreaming promotion on Mainland e-commerce platforms, with a view to assisting Hong Kong enterprises in developing e-commerce businesses on the Mainland;

- introducing new theme days at InnoEX to be held in April 2025, covering areas such as AI, robotics, cybersecurity and SME solutions, etc.; and

- collaborating with leading AI service providers to provide T-box members with practical AI applications.

Besides, the Trade and Industrial Organisation Support Fund under TID provides funding support for various projects that assist SMEs in assessing and disclosing their carbon footprints, as well as enhancing their awareness of decarbonisation, in order to help them cope with the challenge of climate change. Enhancement measures under the Dedicated Fund on Branding, Upgrading and Domestic Sales have also been implemented since 14 March 2025, including expanding the geographical scope of “E-commerce Easy” to the 10 countries of the Association of Southeast Asian Nations (ASEAN), as well as providing targeted funding support for enterprises to implement green transformation projects.

As regards provision of information, TID will set up a one-stop thematic webpage under its “SME Link” web portal within 2025 to provide information about decarbonisation and carbon audit, etc. The 4 SME centres (namely the Support and Consultation Centre for SMEs under TID, the “SME Centre” under HKTDC, the “SME One” under the Hong Kong Productivity Council and the “TecOne” under the Hong Kong Science and Technology Parks Corporation) and “SME ReachOut” also plan to organise physical seminars or webinars related to ESG and e-commerce in the first half of 2025. Besides, TID plans to launch a mentorship programme this year to enhance support for SMEs to develop brands and expand the e-commerce sales networks through counselling and workshops, etc. for developing the Mainland and/or ASEAN markets. TID will announce the details later.

<u>T-box</u>

T-box offers professional advice to SMEs on brand-building, market expansion, digital transformation, production and supply chain solutions as well as sustainable development. Since the launch in April 2020 until now, over 4 700 local SMEs representatives have participated in the programme.

<u>Missions to the Guangdong-Hong Kong-Macao Greater Bay Area (GBA)</u>

In 2024-25, the Hong Kong and Mainland offices of HKTDC held 110 GBA-related activities, including organising online and physical seminars, small-group advisory sessions and business missions, as well as joining major Mainland exhibitions. Among these activities, there were 37 GBA missions. Altogether, these activities had served over 5 600 participants and over 1 600 enterprises, helping them explore opportunities in the GBA.

<u>Hong Kong Image Pavilions</u>

In 2025-26, HKTDC plans to set up Hong Kong Image Pavilions in major exhibitions such as the China International Fair for Trade in Services (Beijing), the China International Fair for Investment and Trade (Xiamen) and the China-ASEAN Expo (Nanning) to promote the advantages of Hong Kong’s services and innovation and technology as well as opportunities along the Belt and Road. In addition, HKTDC will organise a “Hong Kong Day” networking event at the China International Import Expo (Shanghai) to facilitate business cooperation between Hong Kong enterprises and key buyers, and enrich the product range for showcasing in the Style Hong Kong Pavilion at the China International Consumer Products Expo (Haikou) to create more collaboration opportunities, as well as strengthen business matching arrangements therein and comprehensively promote Hong Kong’s services and brands through various media and channels.

The manpower and expenditure for the above work have been subsumed under the overall establishment and estimate of CEDB, TID and HKTDC, and cannot be quantified separately.

- End -

CEDB053

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1042)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in paragraph 111 of the 2025-26 Budget Speech that the Government will continue to further cultivate the Association of Southeast Asian Nations (ASEAN) and Middle East markets, and explore opportunities in Central Asia, South Asia and North Africa. In this connection, please inform this Committee of the following:

(1) As mentioned under Matters Requiring Special Attention in 2025-26, the geographical coverage of "E-commerce Easy" will be expanded to cover the 10 ASEAN countries. What are the expected number of enterprises to benefit from and the expenditure to be involved in the new round of "E-commerce Easy"?

(2) Given that the e-commerce markets in the Middle East and North Africa continue to grow while many e-commerce giants are expanding their presence therein, will the Government devise plans to progressively extend the funding under "E-commerce Easy" to cover Belt and Road countries, including those in the Middle East and North Africa? If so, what are the details? If not, what are the reasons for that?

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 27)

Reply:

To assist Hong Kong enterprises in developing the Mainland market through electronic commerce (e-commerce), the Government launched "E-commerce Easy" under the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) on 15 July 2024 to allow each enterprise to make use of $1 million funding flexibly within the cumulative funding ceiling of $7 million per enterprise for implementing e-commerce projects on the Mainland.

The Government has implemented the enhancement measures for "E-commerce Easy" announced in the 2024 Policy Address. Since 14 March 2025, the geographical coverage of

"E-commerce Easy" has been expanded to the 10 countries of the Association of Southeast Asian Nations (ASEAN) to further support Hong Kong enterprises to develop the ASEAN market through e-commerce business.

The Government anticipates that 3 600 applications will be received under the BUD Fund in 2025 with an approved funding amount of about $1.1 billion, including among others the projects approved under "E-commerce Easy". The Government will keep on reviewing the operational arrangements of "E-commerce Easy" and, having regard to actual circumstances, duly consider making appropriate adjustments including its applicable geographical coverage.

- End -

CEDB054

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0076)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As mentioned in paragraph 113 of the Budget Speech, to support the development of local enterprises and help them go global, the Government will inject $1.5 billion in total into the Dedicated Fund on Branding, Upgrading and Domestic Sales and the Export Marketing and Trade and Industrial Organisation Support Fund, and streamline application arrangements. In this connection, will the Government advise:

1. on the respective numbers of applications received, actual numbers of applications approved and amounts involved under the 2 funds in the past 2 years; and

2. whether the Government has assessed in detail the main reasons for the rejection of applications under the 2 funds and the respective amounts involved each year upon implementation of the streamlined application arrangements; if so, on the details; if not, the reasons for that?

Asked by: Hon LO Wai-kwok (LegCo internal reference no.: 35)

Reply:

To continue to support the development of local enterprises and help them go global, the 2025-26 Budget announced the injection of $1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the Export Marketing and Trade and Industrial Organisation Support Fund (EMTSF). This injection will be shared equally between the 2 funds. Together with the injection of $1 billion into the BUD Fund announced in the 2024 Policy Address, the Government will inject in total $1.75 billion and $0.75 billion respectively into the BUD Fund and the EMTSF. This is a testament to the Government's unwavering commitment to supporting SMEs continuously despite the current fiscal conditions.

The implementation of the BUD Fund in the past 2 years is as follows:

	2023	2024
Number of applications received Note 1	4 739	7 262
Number of applications approved	1 690	2 671
Amount of funding approved	$1.147 billion	$1.682 billion

Note 1: Applications received may not be processed in the same year. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.

The EMTSF covers expenditures of the SME Export Marketing Fund (EMF) and the Trade and Industrial Organisation Support Fund (TSF).

The implementation of the EMF in the past 2 years is as follows:

	2023	2024
Number of applications received Note 2	29 863	30 918
Number of applications approved	21 105	24 875
Amount of funding approved	$588 million	$809 million

Note 2: Applications received may not be processed in the same year. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.

The implementation of the TSF in the past 2 years is as follows:

	2023	2024
Number of applications received Note 3	43	34
Number of applications approved	20	18
Amount of funding approved	$39.5 million	$30.5 million

Note 3: Applications received may not be processed in the same year. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by organisations afterwards.

Certain applications are not approved under the various funding schemes mainly because the applicant enterprises/organisations or the concerned activities are not eligible for funding support, the applicant enterprises/organisations cannot provide sufficient information for approval or proof to show that the projects can enhance enterprises’ competitiveness, the proposals are unclear or lack details, and the applicant enterprises/organisations cannot demonstrate their capability of implementing the projects, etc.

On 14 March 2025, the Government has instituted enhancement measures and other measures under the BUD Fund and the EMF to rationalise the operation and ensure financial sustainability of the 2 funding schemes (see the **Annex**). It is anticipated that in 2025 a total funding amount of around $1.1 billion and $600 million will be approved under the 2 funding schemes respectively. The amount of funding involved for the TSF will be around $30 million.

- End -

Annex

SME Funding Schemes

Measures for rationalisation of operation and ensuring financial sustainability

Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. Audit fees will also be subject to the matching ratio of 1:3.

(2) Adjusting the initial payment from 75% to 20% of the approved Government funding.

(3) Adjusting the funding ceiling for each approved General and "E-commerce Easy" project from $1,000,000 to $800,000, and limiting the total approved Government funding for an applicant to not exceeding $800,000 at any one time.

(4) Limiting the number of general and "E-commerce Easy" applications that can be submitted by each enterprise to 1 in every 3 months, in line with Easy BUD. Applicants should have fulfilled their obligations for completed projects before their new applications are processed. Batch processing will be adopted for general and E-commerce Easy applications.

(5) Adjustments to fundable items (viz. scope of fundable items under setting up of a new business entity, recruitment of additional manpower, and duration of management fees for placement of advertisements and establishment of online sales platforms).

SME Export Marketing Fund (EMF)

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. There is no change to the funding ceiling per application, $100,000.

(2) Adjusting the initial payment from 75% to 20% of the approved government funding.

(3) Upholding additional requirements on selected expenditure items eligible for the EMF with a view to controlling the maximum amount of funding, including the funding ceiling, validity period of activities, restrictions on the number of repeated applications of a similar nature on certain activities, etc.

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB055

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1171)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

(1) Has the Government maintained statistics comparing the quantity of imported liquor before and after the reduction of duty rate for liquor with an import price of over $200? Are there any figures showing the respective quantity or proportion of imported liquor produced in China and those produced in other countries?

(2) What is the estimated increase in the quantity of liquor imports as compared with 2024-25? What are the expected market share of liquor and that of other alcoholic products?

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 9)

Reply:

Since the reduction of duty rate on high-end liquor until late February this year (i.e. a 4.5-month period), we note that the volume of duty-paid liquor imported (in litre) rose by more than 40% as compared with the 4.5-month period before the reduction of duty rate, while its value went up significantly by 1.3 times, reflecting that the two tier system introduced by the Government is effective in boosting high-end liquor trading. Moreover, the trade grasped the opportunity brought about by the reduction of liquor duty and organised various kinds of wine and spirits fairs, in which the proportion of liquor on sale has evidently risen. Some liquor traders have also lowered the prices of liquors. The response of the market has been positive. According to the import statistics from the Census and Statistics Department (C&SD), the current ratio of liquor imported from the Mainland and other regions is about 4:6.

We expect that the volume of duty-paid liquor imported (in litre) in 2025-26 will decrease by about 4% as compared with that in 2024-25. According to the import statistics from the C&SD, the ratio of liquor imported in 2023-24 and the first 10 months of 2024-25 to that of other alcoholic products is about 1:9 by volume. The purpose of lowering liquor duty is to encourage the trade and auctions of high-end liquor in Hong Kong, thereby giving impetus to the development of other high value-added sectors such as logistics and storage, tourism as well as high-end food and beverage consumption. At the same time, the volume of high-end liquor only accounts for 15% of the total import volume. We expect that the adjustment to duty rate would not lead to a significant increase in the volume of imported liquor. Therefore, we expect that the ratio of the volume of imported liquor to other alcoholic products will be similar in 2025-26.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB056

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2511)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(000) Operational expenses
Programme:	(7) Subvention: Consumer Council
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

(1) Regarding the work effectiveness of the Consumer Council (the Council), the targets and indicators on pages 323-324 specified, amongst others, the complaints and enquiries received in the year, yet no information was given on the number of substantiated complaints, any compensation offered by traders, and the penalty imposed on the traders concerned. Please explain.

(2) As regards the complaints received by the Council over the past 3 years, what are the details and the industries involved, and what are the nationalities of the complainants?

(3) Provision for the Council for 2025-26 is $8.5 million or 5.6% higher than the past financial year. According to the Analysis of Financial and Staffing Provision, this is due to the increased cash flow for the Council's enhanced consumer protection efforts targeting the elderly and implementation of IT projects. Please provide details of such projects.

(4) What is the total number of staff in the Council? Under the Government's policy to optimise resources, will the Council downsize itself in the year?

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 31)

Reply:

The Consumer Council (the Council) endeavours to study and promote the protection of consumers' rights and interests, and carries out its statutory functions in accordance with the Consumer Council Ordinance (Cap. 216), including the handling of complaints relating to goods and services of and the provision of advice to consumers, as well as conciliating disputes between consumers and traders, etc. It is not the Council's statutory function to impose penalties on traders. If the cases are suspected of contravening the laws, the Council will refer the cases to the relevant law enforcement authorities for further follow-up.

Between 2022 and 2024, the Council received a total of 105 758 complaints, of which 63 519 cases were pursuable [Note 1], 53 699 cases have been closed [Note 2] and the remaining 9 820 cases are still under conciliation. The complainants were mainly local residents, accounting for 94% of the total number of complaints, while the other complainants, including Mainland tourists and other tourists, accounted for 5% and 1% of the total number of complaints respectively. The complaints received by the Council are mainly related to delayed/lost deliveries, price/fee disputes, variation/termination of contracts and quality of services or goods, etc. The industries involved mainly include food and entertainment, travel services, telecommunication services, electrical appliances and fitness clubs, etc.

In the 2025-26 Estimates, the subvention set aside for the Council has increased as compared with the 2024-25 revised estimate. In 2025-26, the Council will support the Government in promoting the development of silver economy, including having set up an Advisory Group on Silver Economy to steer the work on protecting the interests of elderly consumers, disseminating information relating to “silver consumption” through its “CHOICE” magazine to help the elderly make informed choices in consumption and consolidating existing articles and resources related to “silver consumption” through a dedicated section, “Smart Seniors”, on its website for the elderly to browse information more conveniently. The Council will continue to explore implementing more measures relating to “silver consumption”, with a view to protecting the rights and interests of the elderly. On the other hand, the Council will launch a revamped Complaint Case Management System in end 2025 to provide an online dispute resolution platform in order to enhance its efficiency in handling complaint cases and strengthen its capability in analysing complaint statistics and monitoring the trends of complaints. The Council will also continue to enhance its network infrastructure and cybersecurity systems to ensure the safe operation of its information systems and networks.

As at 31 March 2024, the Council has a total of 157 staff members, and will continue to review its workflows, redeploy resources and leverage technology to ensure the proper use of human resources.

Note 1: Some of the complaints received could not be pursued because the required information or documents were not provided by the complainants. Among the cases pursuable by the Council, some did not involve any claim for compensation, for example, the complainant requested a written apology from the trader.

Note 2: 34 638 complaint cases were resolved through conciliation by the Council, 1 373 cases were referred to the Customs and Excise Department, other government departments or organisations for follow-up, and the remaining 17 688 cases were unsuccessful conciliation cases after follow-up for reasons including the failure of the parties to reach a consensus after conciliation, request made by the complainant to withdraw the complaint, failure to contact the trader or a non-cooperative attitude adopted by the trader, etc.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB057

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2512)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated under Matters Requiring Special Attention in 2025-26 that the Commerce and Economic Development Bureau (CEDB) will table subsidiary legislation under the Copyright Ordinance in the Legislative Council (LegCo) within 2025 to specify libraries, museums and archives eligible for certain permitted acts and prescribe the conditions, and to designate non-government-owned libraries, museums or archives that can be exempted from certain criminal liabilities. Please advise on the following:

(1) What is the timetable for tabling the subsidiary legislation?

(2) Will non-profit-making organisations in Hong Kong, in particular those relating to literature and arts (such as the Museum of Hong Kong Literature, the China Federation of Literary and Art Circles Hong Kong Member Association and other cultural groups), be exempted as well?

(3) Earlier on, the CEDB briefed a LegCo Panel on a legislative proposal to be submitted within 2025 for the "introduction of a text and data mining exception". Will it be submitted in conjunction with the above subsidiary legislation or will it be handled separately?

(4) Following the introduction of the European Union Artificial Intelligence Act, many countries (including China) are exploring the development of legislation on artificial intelligence (AI). However, the CEDB stated earlier at a LegCo meeting that "having regard to the coverage of the existing Copyright Ordinance, the fast-changing landscape of AI technology development and the market practices, we consider that there is currently no sufficient justification to propose any legislative amendments concerning the copyright protection and infringement issues relating to AI-generated works". Will the Secretary for Commerce and Economic Development inform this Committee whether further consultations in this regard will be conducted within 2025-26?

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 32)

Reply:

According to the Chief Executive's 2024 Policy Address, we will, under the existing empowering provisions of the Copyright Ordinance (CO), specify libraries, museums and archives eligible for certain permitted acts and prescribe the conditions, as well as designate non-Government-owned libraries, museums or archives that can be exempted from certain criminal liabilities. We plan to submit the relevant subsidiary legislation to the Legislative Council (LegCo) within 2025 for negative vetting.

For the specification of libraries, museums and archives eligible for certain permitted acts under section 46(1) of the CO, as proposed in the consultation paper we issued in February 2024 [Note 1], the specification generally covers local libraries, museums and archives which are not conducted for profit. In some circumstances, libraries, museums and archives that are not conducted for profit need to meet one of the following conditions for doing such acts:

- they are conducted for the purpose of facilitating or encouraging the research or private study of any discipline; or

- they are administered by an entity that is established wholly or mainly for the above purpose.

The consultation results indicate that respondents generally welcome the Government's proposals to facilitate the reasonable use of copyright works by eligible libraries, museums and archives in their day-to-day operations. We will report the detailed proposals of the subsidiary legislation to the LegCo Panel on Commerce, Industry, Innovation and Technology (CIIT Panel) in April 2025 and seek Members' views.

Regarding the other set of subsidiary legislation, under section 118(2FB) of the CO, designated non-Government-owned libraries, museums or archives may be exempted from the criminal liability of the business end-user possession offence, subject to compliance with certain statutory conditions provided in section 118(2E) or 118(2F) of the CO [Note 2]. The designated libraries, museums or archives must be owned by:

- a charitable institution or trust of a public character that is exempt from tax under section 88 of the Inland Revenue Ordinance (IRO) (Cap. 112); or

- a statutory body that is exempt from tax under an Ordinance other than the IRO, or a subsidiary of such a statutory body.

From May to July 2024, the Government accepted applications from eligible institutions to the Secretary for Commerce and Economic Development (SCED). The SCED has, in accordance with the law, carefully considered the applications received and, after consulting the Director of Leisure and Cultural Services, proposed the designation of 25 eligible libraries, museums and archives for exemption. Details are provided in the LegCo CIIT Panel's information paper (CB(2)440/2025(01)).

Unlike the aforementioned subsidiary legislation, the legislative proposal to introduce a text and data mining exception involves amendments to the principal Ordinance. We plan to introduce an amendment bill to the LegCo in the first half of 2025, and this will be handled separately from the subsidiary legislation mentioned above.

We note that legislation or research in other jurisdictions to regulate the development and use of artificial intelligence (AI) systems is generally very broad in scope, far exceeding the realm of intellectual property (including copyright) protection. Regarding copyright, after considering the views collected from the public consultation and the overall circumstances, we consider that there is currently no cogent justification to propose substantive legislative amendments concerning the issues of copyright protection and infringement of AI-generated works. To assist developers and users of AI systems in addressing the relevant issues, we plan to draft a set of guidelines with practical suggestions and specific examples to elaborate on the application of the existing applicable legal principles in different scenarios for reference by the industry. We will also closely monitor relevant technological developments and the discussions on relevant copyright issues in the international community (e.g. research conducted by the World Intellectual Property Organization and exchanges among its member states), as well as developments in other jurisdictions, to ensure that Hong Kong's copyright regime keeps pace with the times.

Note 1: https://www.ipd.gov.hk/filemanager/ipd/en/share/consultation-papers/20240215-consultation-paper-e.pdf

Note 2: Section 118(2E) and (2F) of the Copyright Ordinance provides that, for the purposes of heritage conservation or other purposes and subject to compliance with prescribed conditions, the business end-user possession offence does not apply to the possession of infringing copies of four categories of copyright works (namely a movie, a television drama, a musical sound recording or a musical visual recording) by designated libraries, museums and archives.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB058

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0913)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The Financial Secretary proposed in paragraph 113 of the Budget Speech that to support the development of local enterprises and help them go global, the Government will inject $1.5 billion in total into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the Export Marketing and Trade and Industrial Organisation Support Fund (EMTSF), and streamline application arrangements. Please inform this Committee of the expenditure involved in and the application situations of the BUD Fund and the EMTSF in the past year. Which industries have been benefitted? How will the new injection of $1.5 billion for 2025-26 support Hong Kong enterprises in developing brands and promoting sales in the Mainland and the Association of Southeast Asian Nations (ASEAN) regions? Will the funding support be targeted at specific industries or projects?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 11)

Reply:

The Government strives to assist Hong Kong enterprises in developing more diversified markets and enhancing their competitiveness through various funding schemes and support measures. Among others, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 40 economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements, including the Mainland and the Association of Southeast Asian Nations (ASEAN). Meanwhile, the SME Export Marketing Fund (EMF) provides funding support for small and medium enterprises to participate in export promotion activities for developing markets outside Hong Kong (including the Mainland and ASEAN markets).

The implementation of the BUD Fund and the EMF in 2024 is as follows:

	BUD Fund	EMF
Number of applications received Note	7 262	30 918
Number of applications approved	2 671	24 875
Amount of funding approved ($)	1.682 billion	809 million
Number of beneficiary enterprises	2 244	10 829
Major beneficiary sectors (in descending order of the number of applications approved)	1. Wholesale and Retail 2. Import and Export Trade 3. Information Technology 4. Electronics 5. Textiles and Clothing	1. Wholesale and Retail 2. Import and Export Trade 3. Jewellery 4. Electronics 5. Printing and Publishing

Note: Applications received may not be processed in the same year. The figures include applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards.

In 2025-26, the Government will continue to assist enterprises in developing markets outside Hong Kong through the above funding schemes. We have expanded the geographical coverage of "E-commerce Easy" to the 10 ASEAN countries and stated in the Guide to Application that the scope of the BUD Fund covers implementation of green transformation projects that assist enterprises in business development. Specific measures include conducting carbon audits for newly developed products to enter target markets, upgrading production lines or applying new technologies to meet the environmental standards or legal requirements of target markets, etc.

The Government has also enhanced the arrangements of "Easy BUD", allowing each enterprise to submit 1 "Easy BUD" application in every 3 months, instead of 6 months in the past. Online sales platform has also been added as a project measure that can be funded. The above measures enable enterprises to obtain more timely funding support, thereby duly addressing market changes. Besides, to assist enterprises in developing new markets to cope with trade protectionism and geopolitical tensions, we have stated in the Guide to Application for the general applications of the BUD Fund that professional fees associated with the establishment of new business entities in eligible markets (including the Mainland and ASEAN markets) can be funded.

- End -

CEDB059

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0915)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Financial Secretary expressed support for local enterprises, noting in paragraph 114 of the Budget Speech that the Government has been providing loan guarantees to businesses through the SME Financing Guarantee Scheme (SFGS). As at the end of last year, a total of over $288 billion of loans has been approved under the SFGS, benefitting nearly 65 000 small and medium enterprises (SMEs). It is stated in Programme (2) of the Commerce and Economic Development Bureau that one of the Matters Requiring Special Attention in 2025-26 is to continue to work with the Hong Kong Mortgage Corporation Limited to implement the SFGS to help ease the cash flow problems of SMEs. The financial and staffing provision for Programme (2) for 2025-26 is $559.8 million (4.2%) lower than the revised estimate for 2024-25, which is primarily due to the decreased cash flow requirement for the SFGS - Guarantee Products. Please inform this Committee of the amount of repayment received under the SFGS and the percentage of such repayment. Besides, what are the details of the expenditure under the SFGS over the past year, including the number of cases and the loan amount? What industries are involved? How many default cases? What is the default amount involved?

The Hong Kong Special Administrative Region Government launched the SFGS with the aim of helping SMEs alleviate their funding problems. Have there been any cases of fraud committed through the abuse of the SFGS, such as defaulting after taking out a loan? Please provide a breakdown of the details. Has an assessment been made on the abuse of the SFGS and has an estimate been made on the number of approved cases with defaults? Will the Government take rigorous action to crack down on such fraudulent activities to ensure the proper use of public money?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 13)

Reply:

The SME Financing Guarantee Scheme (SFGS) is administered and managed by HKMC Insurance Limited (HKMCI). As at end February 2025, among the more than 110 000 loan applications approved, around 33 000 applications, involving a loan amount of around $95 billion, had been repaid in full as scheduled, accounting for around 33% of the total loan amount.

The revised estimate of the SFGS in 2024-25 is $12.5 billion, which is deployed to cater for the relevant expenses of the various guarantee products, including payments of originating fee in respect of the Special 100% Guarantee Product to the participating lending institutions, payments to HKMCI to cover the administrative costs and the necessary out-of-pocket expenses as well as the default claim payments. The cumulative application and default figures of the various guarantee products of the SFGS as at end February 2025 are as follows:

	80% Guarantee Product (launched in 2012)	**90% Guarantee Product (launched in 2019)**	**Special 100% Guarantee Product Note (launched in 2020 and the application period ended in end March 2024)**
Number of Applications Received	31 225	16 965	72 824
Number of Applications Approved	27 802	15 447	67 182
Total Loan Amount of Approved Applications ($)	119.6 billion	27.5 billion	143.8 billion
Number of Approved Applications by Beneficiary Sectors			
• Trading, Wholesale and Retail	15 019 (54%)	7 639 (49%)	23 819 (35%)
• Engineering and Construction	2 202 (8%)	1 515 (10%)	5 684 (9%)
• Manufacturing	4 161 (15%)	594 (4%)	3 795 (6%)
• Others (e.g. Catering, Transportation)	6 420 (23%)	5 699 (37%)	33 884 (50%)
Number of Default Cases	2 105	903	9 360
Loan Guarantee Amount of Default Cases ($)	4.9 billion	1 billion	20.1 billion
Default Rates	5.1%	3.8%	14%

Note: Some applications submitted before the end of the application period were approved in April 2024 or later.

In processing loan applications, the lending institutions will conduct customer due diligence to confirm that the borrowing enterprises could fulfil the eligibility requirements, and submit the verified applications complete with the documents required to HKMCI (which is responsible for administering and managing the SFGS) for final guarantee approval. HKMCI will also conduct appropriate checks in vetting the applications submitted by the lending institutions, and step up the vetting of suspicious cases, to ensure the prudent use of public money.

As at end February 2025, 3 373 applications of the Special 100% Guarantee Product, involving around $10.1 billion of loans, are found to have involved illegal activities, including using false instruments, providing false information or declarations, etc. Among them, 1 466 cases (involving around $4.9 billion of loans) were already rejected by HKMCI and/or the lending institutions during application assessment, while the other 1 907 cases (involving around $5.2 billion of loans) were found after loan drawdown. HKMCI has taken appropriate actions, including reporting the cases that may have involved illegal activities and providing assistance to the law enforcement agencies, issuing clear guidelines to the participating lending institutions of the SFGS, taking legal actions through the lending institutions, etc.

HKMCI has been working closely with lending institutions on properly handling default cases. In the event that a borrowing enterprise defaults on repayments, the lending institution will first discuss a feasible repayment plan with the borrowing enterprise, e.g. repaying only the interest or part of the principal during a transition period, so that the borrowing enterprise can continue its operation while making a debt restructuring arrangement as soon as possible, with a view to gradually resuming normal repayments.

If the lending institution and the borrowing enterprise could not reach agreement on the repayment or the latter refuses to cooperate, the lending institution will consider taking appropriate recovery/legal actions in accordance with its policy and prevailing commercial practice, including requesting the enterprise and guarantor to repay the loan, filing a petition for winding-up and/or bankruptcy with the court, etc. with a view to reducing the loss of the Government.

As at end February 2025, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SFGS were about 5.1%, 3.8% and 14% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). The default rates are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises, etc. The Government and HKMCI will continue to monitor the situation closely.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB060

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0938)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under this Programme, one of the Matters Requiring Special Attention in 2025-26 of the Commerce and Economic Development Bureau is to "continue to collaborate with the Mainland authorities and the Hong Kong Trade Development Council to help Hong Kong enterprises promote their products and services to the Mainland market". Please inform this Committee of the expenditure on such work in the past year. What initiatives were implemented? How effective were they? Regarding the expansion of the "GoGBA Business Support Centre" network to cover Mainland cities of the Greater Bay Area, how was the progress and how effective was it? Please provide a breakdown of the details. In 2025-26, what new plans does the Government have to promote the products and services of Hong Kong to the Mainland market? What are the expenditure and implementation timetable involved?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 36)

Reply:

In 2024-25, the Hong Kong Trade Development Council (HKTDC) continued to organise a series of activities and provide support services through the "GoGBA one-stop platform" (the Platform) to assist Hong Kong enterprises in building network and promoting business opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), and to provide them with the latest policy updates and economic and trade information about the GBA market. Since the launch of the Platform in 2021 until end-February 2025, over 120 activities including online and physical sharing sessions, consultation meetings and business missions, etc. had been organised, serving nearly 9 000 people to help them explore opportunities in the GBA. The Platform's GoGBA website and mobile app providing business policy and practical information online about the GBA are very popular among users, having recorded over 5 million views so far.

In addition, the network of “GoGBA Business Support Centres” has already covered all 9 Mainland cities in the GBA since 2023-24, with centres set up in Qianhai and Futian (Shenzhen), Nansha (Guangzhou), Zhuhai, Dongguan, Zhongshan, Foshan, Jiangmen, Zhaoqing and Huizhou, to provide more comprehensive support services for Hong Kong enterprises.

Meanwhile, HKTDC had organised and participated in various large-scale promotion events in the GBA and other regions to continue to help Hong Kong enterprises grasp opportunities in the Mainland market. For example, the Resolve2Win campaign was held in Shenzhen and Foshan from 6 to 8 August 2024 to analyse and present the advantages of Hong Kong’s international legal and dispute resolution services; and SmartHK, a flagship promotion activity, was held in Nanjing on 28 August 2024 to promote cooperation of Hong Kong start-ups and technology companies with Jiangsu Province in research, development and manufacturing through business matching and pitching, etc.

HKTDC has also set up Hong Kong pavilions and organised Hong Kong enterprises to participate in major Mainland exhibitions to promote Hong Kong products and professional services, such as the China International Consumer Products Expo in Haikou (Hainan Province) in April 2024, the China International Import Expo in Shanghai and the China Hi-Tech Fair in Shenzhen in November 2024.

Furthermore, HKTDC’s Design Gallery has established 70 physical points of sale in 22 Mainland cities and set up online shops on Mainland electronic commerce (e-commerce) platforms to assist Hong Kong enterprises in promoting their creative designs and high-quality innovative products to Mainland consumers.

Under the 3 year-long Support Scheme for Pursuing Development in the Mainland starting from 2022-23, HKTDC had also organised more than 460 events of different types having regard to the situation and needs of Hong Kong enterprises on the Mainland, including introduction and briefing of policies, online and offline seminars, business missions, business forums, etc., with the participation of nearly 35 000 enterprise representatives and professionals. These activities had helped deepen participants’ understanding of the Mainland’s policies and market developments, as well as broaden their Mainland network so as to extend their business from major cities to neighbouring provinces or cities.

Apart from continuing the above services and actively participating in key Mainland exhibitions, in 2025-26, HKTDC will:

- set up a new “GoGBA Business Support Centre” in Macao;

- organise a GoGBA mission to Dongguan to help small and medium enterprises (SMEs) in the manufacturing sector to understand the latest situation of how Mainland enterprises maintain their competitiveness through the use of innovative technologies;

- launch “GoGBA Coffee & Chat” to provide a series of interactive small group consultation sessions targeting specific practical issues, and invite experts to provide SMEs with in-depth analyses on and practical guidance in doing business in the GBA;

- organise a “Fashion Go Places” mission to Guangzhou and Dongguan to assist the fashion industry in expanding business network; and

- implement “E-Commerce Express” to strengthen support for SMEs to tap into the Mainland market through e-commerce.

The expenditure for the above work has been subsumed under the overall estimate of HKTDC, and cannot be quantified separately.

- End -

CEDB061

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0253)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to Programme (2), the Commerce and Economic Development Bureau has co-ordinated through the Hong Kong Trade Development Council the participation of Hong Kong enterprises in the seventh China International Import Expo ("CIIE") in Shanghai this year to promote Hong Kong products and services to the Mainland market, and to introduce Hong Kong's role as a gateway under the national "dual circulation" strategy. What are the manpower and expenditure involved? Will the Government secure the Central Government's authorisation for Hong Kong to host the country's third national-level trade fair on high-end consumer products and imports to the Mainland market, following the CIIE in Shanghai and the China International Consumer Products Expo in Hainan, to attract importers from various provinces and cities across the country, especially the Greater Bay Area, to come and make purchases here? If yes, what are the details; if not, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 208)

Reply:

As an international business as well as a convention and exhibition hub, Hong Kong hosts large-scale international exhibitions of different products every year to connect exhibitors and buyers from Hong Kong, the Mainland and other places around the world, as well as promote and publicise local, Mainland and overseas brands. Some of the exhibitions are the largest sourcing platforms in Asia or even in the world for the trades concerned, including electronics, jewellery, gifts, watches and clocks, lighting, etc. Taking the exhibitions of the Hong Kong Trade Development Council (HKTDC) as an example, in 2024, HKTDC hosted 28 international trade fairs in Hong Kong that attracted over 28 000 exhibitors and over 550 000 buyers from around the world, including over 220 000 buyers from the Mainland. This can fully demonstrate that the international exhibitions held in Hong Kong have already become one of the major sourcing platforms for Mainland enterprises, and can help Hong Kong and overseas enterprises tap into the enormous domestic sales market of the Mainland.

The Government will continue to consolidate and enhance the pre-eminent position of Hong Kong as a hub for the international conference and exhibition industry, and at the same time actively participate in major exhibitions held on the Mainland, including the annual China International Import Expo (CIIE) in Shanghai, and organise Hong Kong enterprises' participation for promoting quality Hong Kong products and services to Mainland buyers and consumers.

The manpower and expenditure for co-ordinating Hong Kong enterprises' participation in the CIIE as well as promoting Hong Kong products and services on the Mainland have been subsumed under the overall establishment and estimate of the Commerce and Economic Development Bureau and HKTDC, and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB062

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0254)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme (2), the Commerce and Economic Development Bureau (CEDB) will launch the "Incentive Scheme for Recurrent Exhibitions (ISRE) 2.0" next year, targeting new and international exhibitions of large scale. The scope of specified venues of the ISRE will be expanded to cover the Central Harbourfront Event Space and the West Kowloon Cultural District. Will the Administration explore designating more convention and exhibition facilities as specified venues? If yes, what are the details? If no, what are the reasons? Besides, a number of new features will be introduced under the new ISRE, such as the maximum incentive for each eligible exhibition capped at $10 million, which represents a significant reduction compared to the maximum incentive of $20 million under the existing ISRE. What are the reasons for that?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 205)

Reply:

As announced in the 2024 Policy Address, the Government will allocate an additional provision of $500 million for implementing the Incentive Scheme for Recurrent Exhibitions (ISRE) 2.0, focusing on attracting new and recurrent international exhibitions of a large scale, to further promote the development of the convention and exhibition (C&E) industry and the mega event economy, thereby generating overall economic benefits for Hong Kong. Subject to the Legislative Council's funding approval, ISRE 2.0 will be launched on 1 July this year.

Taking into account the views received from the C&E industry and the operational experience of the existing ISRE, the Government announced the major arrangements for ISRE 2.0 on 24 January 2025. In line with the policy objectives above, some new features will be introduced under the new scheme, including that the maximum incentive for each eligible exhibition will be adjusted to $10 million, and the Central Harbourfront Event Space as well as the relevant parts of the West Kowloon Cultural District will be designated as specified venues, alongside the Hong Kong Convention and Exhibition Centre and AsiaWorld-Expo. We believe that the relevant arrangements will encourage more international exhibitions of a large scale to be staged in Hong Kong, benefit more eligible exhibitions and offer more venue options to the organisers.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0255)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to Programme (2), the Commerce and Economic Development Bureau worked with the Trade and Industry Department to enhance the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), including launching "E-commerce Easy", this year. The Hong Kong Productivity Council introduced "E-commerce Easy" under the BUD Fund this year. Enterprises may make use of $1 million within the cumulative funding ceiling of $7 million under the Fund to implement e-commerce projects on the Mainland. With a breakdown by trade, how many applications have been received since the launch of the initiative? Among which, what are the respective numbers of applications that are approved, unsuccessful and being processed? What is the average funding amount for each approved e-commerce project? Will the funding ceiling of "E-commerce Easy" be raised, and its funding be calculated separately from the cumulative funding ceiling of $7 million under the BUD Fund? If yes, what are the details? If not, what are the reasons? As announced in the 2024 Policy Address, the geographical coverage of "E-commerce Easy" will be expanded to the 10 ASEAN countries, and targeted funding support will be provided for enterprises to implement green transformation projects. Are there any specific implementation dates?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 203)

Reply:

To assist Hong Kong enterprises in developing the Mainland market through electronic commerce (e-commerce), the Government launched "E-commerce Easy" under the Dedicated Fund on Branding, Upgrading and Domestic Sales (the BUD Fund) on 15 July 2024 to allow each enterprise to make use of $1 million funding flexibly within the cumulative funding ceiling of $7 million per enterprise for implementing e-commerce projects on the Mainland.

As at end February 2025, a total of 329 “E-commerce Easy” applications were received, and the applications mainly came from the following 5 sectors:

Sector of the Applicant Enterprise (in descending order of the number of applications received)		Number of applications received
1.	Wholesale and Retail	156
2.	Import and Export Trade	41
3.	Restaurants and Hotels	14
4.	Information Technology	11
	Personal Care Services	11

Excluding applications that could not be processed owing to incomplete information and those withdrawn voluntarily by enterprises afterwards, as at end February 2025, the processing progress of “E-commerce Easy” applications is as follows:

Number of applications processed	67
• Number of applications approved (average funding amount)	30 ($576,000)
• Number of applications approved with conditions	13 Note 1
• Number of applications rejected	24
Number of applications under processing	183 Note 2

Note 1: The final approval of the applications and the respective funding amounts to be granted are subject to the submission of further information by the applicant enterprises.

Note 2: Of the 183 applications under processing, 123 were received between December 2024 and February 2025. Most of the applications under processing require the applicant enterprises to provide further clarification of the project details or supplementary documents. The Programme Secretariat will process these applications as soon as possible upon clarification of the project details or provision of supplementary documents by the enterprises.

As at end February 2025, the average funding amount of the approved “E-commerce Easy” applications is about $576,000. We believe that the $1 million cumulative funding ceiling of “E-commerce Easy” at present can meet the needs of most enterprises, and have no plan to separate it from the BUD Fund’s cumulative funding ceiling of $7 million per enterprise. If necessary, an applicant enterprise which has used up the $1 million cumulative funding ceiling of “E-commerce Easy” may apply for the BUD Fund through the general application track for implementing other projects related to e-commerce, though some project measures are subject to budget ratio cap.

Since 14 March 2025, the Government has expanded the geographical coverage of “E-commerce Easy” to the 10 countries of the Association of Southeast Asian Nations, and stated in the Guide to Application that the scope of the BUD Fund covers implementation of green transformation projects that assist enterprises in business development. Specific measures include conducting carbon audits for newly developed products to enter target markets, upgrading production lines or applying new technologies to meet the environmental standards or legal requirements of target markets, etc.

Besides, on 14 March 2025, the Government has instituted enhancement measures and other measures under the BUD Fund and the SME Export Marketing Fund to rationalise the operation and ensure financial sustainability of the 2 funding schemes (see the **Annex**). Among others, the funding ceiling for each approved General and "E-commerce Easy" project has been adjusted from $1 million to $800,000.

- End –

Annex

SME Funding Schemes

Measures for rationalisation of operation and ensuring financial sustainability

Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. Audit fees will also be subject to the matching ratio of 1:3.

(2) Adjusting the initial payment from 75% to 20% of the approved Government funding.

(3) Adjusting the funding ceiling for each approved General and "E-commerce Easy" project from $1,000,000 to $800,000, and limiting the total approved Government funding for an applicant to not exceeding $800,000 at any one time.

(4) Limiting the number of general and "E-commerce Easy" applications that can be submitted by each enterprise to 1 in every 3 months, in line with Easy BUD. Applicants should have fulfilled their obligations for completed projects before their new applications are processed. Batch processing will be adopted for general and E-commerce Easy applications.

(5) Adjustments to fundable items (viz. scope of fundable items under setting up of a new business entity, recruitment of additional manpower, and duration of management fees for placement of advertisements and establishment of online sales platforms).

SME Export Marketing Fund (EMF)

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. There is no change to the funding ceiling per application, $100,000.

(2) Adjusting the initial payment from 75% to 20% of the approved government funding.

(3) Upholding additional requirements on selected expenditure items eligible for the EMF with a view to controlling the maximum amount of funding, including the funding ceiling, validity period of activities, restrictions on the number of repeated applications of a similar nature on certain activities, etc.

CONTROLLING OFFICER'S REPLY

CEDB064

(Question Serial No. 0256)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme (2), the Commerce and Economic Development Bureau (CEDB) will continue to work with the Trade and Industry Department and the Hong Kong Productivity Council in the coming year to implement the BUD Fund to support Hong Kong enterprises in undertaking projects to develop brands, upgrade and restructure their business operations and promote sales in the Mainland and other markets with which Hong Kong has signed Free Trade Agreements or Investment Promotion and Protection Agreements. How many applications has the CEDB received in the past 3 years, broken down by industry? What were the numbers of applications approved, unsuccessful and being processed? What was the average amount of funding granted to each successful application? Will the Government raise the cumulative funding ceiling per enterprise under the BUD Fund and extend the geographical coverage to all Belt and Road countries' markets, including but not limited to more Middle Eastern countries? If yes, what are the details; if not, what are the reasons? What are the manpower and expenditure involved in vetting and approving the applications under the Scheme this year? Will the manpower for vetting and approving be increased in the coming year so as to expedite the processing of applications?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 202)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 40 economies with which Hong Kong has signed free trade agreements (FTAs) and/or investment promotion and protection agreements (IPPAs). In the past 3 years (i.e. from 2022 to 2024), a total of 14 638 applications were received under the BUD Fund, and the applications mainly came from the following 5 sectors:

Sector of the Applicant Enterprise (in descending order of the number of applications received)	Number of applications received
• Wholesale and Retail	3 268
• Import and Export Trade	1 546
• Information Technology	858
• Restaurants and Hotels	569
• Electronics	490

Of the applications received under the BUD Fund from 2022 to 2024, excluding those that could not be processed owing to incomplete information and withdrawn voluntarily by enterprises afterwards, the processing progress of other applications is as follows:

		2022 to 2024 Note 1
Number of applications received		14 638
(A)	Number of applications processed	7 642
	• Number of applications approved (average funding amount)	5 533 (about $655,000)
	• Number of applications approved with conditions Note 2	547
	• Number of applications rejected	1 562
(B)	Number of applications under processing	2 225

Note 1: Applications received between 2022 and 2024 may not be processed in the same period.

Note 2: The final approval of the applications and the respective funding amounts to be granted are subject to the submission of further information by the applicant enterprises.

The Government has launched several rounds of enhancements to the BUD Fund since August 2018, including increasing the cumulative funding ceiling per enterprise and expanding its geographical coverage, to strengthen the support for Hong Kong enterprises to develop more diversified markets and enhance their competitiveness. In the past 4 years, the Government raised the cumulative funding ceiling per enterprise under the BUD Fund twice, from $4 million to $6 million in July 2021, and further to $7 million in November 2022. As only an extremely small percentage (about 0.01%) of the beneficiaries has used up the $7 million cumulative funding ceiling, we believe that the current cumulative funding ceiling can meet the future needs of most enterprises.

Following the Government's signing of an FTA with Peru in November 2024, the current geographical coverage of the BUD Fund has been expanded to 40 economies with which Hong Kong has signed FTAs and/or IPPAs, including 21 Belt and Road and Middle Eastern countries. The geographical coverage of the BUD Fund will be further expanded as Hong Kong signs more FTAs or IPPAs in the future. The Government will continue to review the operation and implementation of the BUD Fund and make adjustments where appropriate, having regard to feedback from the trade and market situation.

The manpower and expenditure of the Commerce and Economic Development Bureau and the Trade and Industry Department for implementing the BUD Fund have been subsumed under the respective overall establishment and estimates, and cannot be quantified separately. The estimated expenditure of the BUD Fund in 2025-26 is $1.292 billion, including the manpower and other fees provided to the Hong Kong Productivity Council as the Programme Secretariat for implementing the BUD Fund, as well as disbursements to grantees.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB065

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0262)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to Programme 2, the Bureau will continue to co-ordinate bureaux and departments in formulating policies and measures on the development of cross-border e-commerce, including setting up more Hong Kong Pavilions or brand showcases in Mainland and overseas exhibitions to promote Hong Kong brands and assist SMEs in developing non-local e-commerce markets. What are the details of the relevant projects for the coming year? What are the manpower and expenditure involved in project implementation? Will more new measures be formulated in the future to promote Hong Kong brands? If so, what are the details?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 210)

Reply:

In 2025-26, the interdepartmental E-commerce Development Task Force established by the Commerce and Economic Development Bureau (CEDB) in January 2024 will continue to coordinate and formulate policies, with a view to encouraging enterprises to grasp the enormous opportunities brought about by cross-border electronic commerce (e-commerce) and develop more diversified markets. Among others, measures to promote Hong Kong brands and assist small and medium enterprises (SMEs) in developing non-local e-commerce markets will include the following:

- to strengthen support to promote Hong Kong brands, the Hong Kong Trade Development Council (HKTDC) will set up more Hong Kong Pavilions in the Mainland and overseas exhibitions (including those held in the Association of Southeast Asian Nations (ASEAN)). Currently, HKTDC has set up Hong Kong Pavilions in many Mainland and overseas exhibitions, including the China International Fair for Trade in Services, the China International Import Expo, the China International Consumer Products Expo, CES in Las Vegas, the United States, MWC Barcelona in Spain, electronica in Munich, Germany, Spielwarenmesse in Nuremberg, Germany, the Tokyo International Gift Show, etc. In 2025-26, HKTDC will implement the ASEAN Lifestyle Pioneer Series to increase the exposure of SMEs in the ASEAN market and help them explore business opportunities through participation in exhibitions including the Malaysia Gifts Fair, the Indonesia International Gift & Houseware Expo and the Vietnam International Maternity - Baby & Kids Fair;

- HKTDC will organise pop-up promotional campaigns to showcase Hong Kong lifestyle/fashion design brands and products, enhance business matching arrangements during the campaigns and utilise different media and channels to promote Hong Kong brands;

- HKTDC will expand the geographical scope of HKTDC Design Gallery online store to the ASEAN region. The 1st phase of the expansion will cover Singapore and Malaysia and, in due course, also cover Thailand. By then, participating enterprises of HKTDC Design Gallery could sell their products to the ASEAN region through e-commerce. HKTDC will also organise online and offline promotions, with a view to enhancing ASEAN consumers' awareness of Hong Kong products and brands;

- the Government will, through HKTDC, continue to organise the Hong Kong Shopping Festival (HKSF) in 2025 and 2026, and will launch the HKSF for the ASEAN market in due course. Scheduled for August 2025, the 2nd edition of the HKSF aims at providing SMEs with practical experience in utilising e-commerce platforms to tap into the Mainland market. Drawing on the experience in organising the inaugural HKSF, HKTDC will continue to bring together Hong Kong enterprises to offer discounts in Mainland online stores and arrange enterprises to conduct livestreaming promotion on Mainland e-commerce platforms. It is anticipated that the scale of the 2nd edition of the HKSF will be larger than that of the inaugural HKSF, including showcasing more brands and covering major consumer products, in particular food and health supplements which are popular among Mainland consumers, while at the same time featuring more promotional channels to help Hong Kong enterprises raise brand exposure and grasp the opportunities in the Mainland e-commerce market;

- HKTDC will implement the "E-Commerce Express" to strengthen support for SMEs to tap into the Mainland market and increase e-commerce sales. To address the pain points encountered by Hong Kong enterprises when developing cross-border e-commerce on the Mainland, HKTDC will, in collaboration with large-scale e-commerce or social media platforms, conduct a series of thematic training seminars and research sharing sessions to cover practical topics including the Mainland and overseas e-commerce market landscapes, legal compliance, operational strategies and features of both traditional and emerging online shopping platforms, how to establish fanbase, livestreaming production techniques, etc., with a view to providing more comprehensive support for SMEs interested in tapping into the e-commerce market; and

- the Trade and Industry Department (TID) plans to launch a mentorship programme this year to enhance support for SMEs to develop brands and expand the e-commerce sales networks through counselling and workshops, etc. for developing the Mainland and/or ASEAN markets. TID will announce the details later.

Having regard to the latest development of the e-commerce market, the Government will continue to review and enhance various measures. The manpower and expenditure of CEDB, TID and HKTDC for implementing the above measures have been subsumed under the respective overall establishment and estimates, and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB066

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0268)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to Programme (2), the Commerce and Economic Development Bureau will, in the next financial year, continue to closely monitor the bilateral trade relations between Mainland China and other economies such as the United States and the European Union as well as their trade actions or other measures related to Hong Kong, and assess their impact on Hong Kong; and maintain close communication with the trade. What are the estimated manpower and expenditure to be involved for the work? To help the business sector cope with the fast-changing geopolitical situation and enhance adaptability, will the Government establish a speedy communication mechanism that allows direct contact with business associations for the business sector to provide more information to the Government, so that it can have a more comprehensive understanding of the sector's needs when formulating policies? If yes, what are the details? Will the communication mechanism support cross-departmental co-ordination? What are the manpower and expenditure to be involved?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 213)

Reply:

In response to geopolitics and state of flux of the international trade landscape, we have been providing assistance to the business sector, including helping them grasp the latest developments, enhance competitiveness and expand into emerging, diverse markets. The Trade and Industry Department (TID) has been disseminating relevant information to the industry through different channels and issuing trade circulars to update major chambers of commerce as well as small and medium enterprises chambers of commerce on major developments.

From time to time, the Commerce and Economic Development Bureau (CEDB) meets with major chambers of commerce on specific business issues and gauges their views. For example, regarding the unreasonable tariffs on products of Hong Kong and other trade protectionist measures imposed by the United States recently, the Secretary for Commerce and Economic Development (SCED) immediately met with major local chambers of commerce on the day of the Hong Kong Special Administrative Region (HKSAR) Government's announcement on its decision to file a complaint to the World Trade Organization so as to explain the Government's position, and received unanimous support from them. Also, SCED convenes regular meetings of the Trade and Industry Advisory Board to explain to members, who are mainly from the business sector, the various policy initiatives of the HKSAR Government that benefit the business sector. We will continue with our engagement work in this regard.

The above work is conducted with the existing manpower and is a part of the regular duties of CEDB and TID, the expenditure has been subsumed under the overall estimate and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB067

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0269)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme (2), the Commerce and Economic Development Bureau will continue to work with the Trade and Industry Department and the Hong Kong Productivity Council to implement the BUD Fund in 2025-26. To enable more Hong Kong enterprises to make use of the funding to develop their business, the Government has launched "Easy BUD" to expedite the vetting of applications involving designated measures with a funding amount of $100,000 or below. Will the Government enhance the "Easy BUD" arrangement to cover applications with a funding amount of over $100,000? Will it also explore to apply such model to other funding schemes of the Government? If yes, what are the details? If no, what are the reasons?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 212)

Reply:

In June 2023, the Government launched "Easy BUD" under the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to expedite the vetting of applications involving designated measures with a funding amount of $100,000 or below. Under "Easy BUD", the application form, the requirements for supporting documents and the vetting arrangements have been simplified. The processing time of an application has also been significantly reduced by half to completion within 30 working days as compared with the 60-working-day performance pledge for general applications of the BUD Fund.

As at end February 2025, the average funding amount of the approved applications under "Easy BUD" is around $73,000. We believe that maintaining the funding ceiling of $100,000 per "Easy BUD" application can meet the needs of most enterprises. Besides, the Government has enhanced the arrangement of "Easy BUD", allowing each enterprise to submit 1 "Easy BUD" application every 3 months, instead of 6 months in the past. At the same time, online sales platform has been added as a project measure that can be funded.

The above measures enable enterprises to obtain more timely funding support, thereby duly addressing market changes.

The application arrangements of other government funding schemes are to be determined by different bureaux and departments, having regard to various factors such as the nature of the relevant funding schemes and the state of their applications, etc.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB068

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0274)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme (2), the Commerce and Economic Development Bureau conducted a public consultation in 2024-25 to explore further enhancement to the Copyright Ordinance (Cap. 528) regarding the protection for artificial intelligence (AI) technology development. What were the manpower and expenditure involved in the consultation exercise? In the proposed legislative amendments, the Government will introduce a specific text and data mining exemption (TDM exemption) to allow reasonable use of copyright works for computational data analysis and processing, such as the training of AI models. In addition, the Government will provide an "opt-out" option for copyright owners, so that they may reserve the rights to prohibit their works from being used in the training of AI models. The Consumer Council has raised the concern that the training of AI models is "irreversible", i.e. the data that have been used for the training of AI models may become inerasable. Will AI developers be charged with copyright infringement by doing so when the Ordinance is enhanced? How can the Government ensure that the interests of all parties are balanced with the introduction of the specific TDM exemption and the "opt-out" option?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 216)

Reply:

Enhancing the Copyright Ordinance (Cap. 528) is part of the regular work of the Commerce and Economic Development Bureau (CEDB) and the Intellectual Property Department (IPD). The relevant expenditure has been subsumed under the overall estimate of CEDB and IPD, and the work will continue to be carried out by existing manpower. It is therefore difficult to quantify the resources involved separately.

The Government conducted a public consultation to explore further enhancement to the Copyright Ordinance regarding protection for artificial intelligence (AI) technology development from July to September 2024. After thorough consideration of the views collected, the Government consulted the Legislative Council Panel on Commerce, Industry, Innovation and Technology in February 2025 on the proposal to amend the Copyright Ordinance to, on the premise of allowing copyright owners to reserve their rights, foster a favourable environment for the development of AI.

On the premise of fully protecting the legitimate interests of copyright owners, we suggest introducing a new specific exception to allow text and data mining for promoting AI technology development.

First, we will stipulate clearly that this exception is **not** applicable where copyright owners exercise the following rights:

- Copyright owners have reserved their copyright (as is the common practice adopted by many copyright owners currently).

- Copyright owners have in place applicable licensing schemes for text and data mining conducted by others.

It is worth noting that among the 60-plus existing exceptions under the Copyright Ordinance, in most circumstances, copyright owners are not allowed to reserve their rights so long as the conditions of the exceptions are satisfied. The proposed exception is a special case.

Even if copyright owners decide not to exercise the 2 kinds of rights mentioned above and make their copyright works open for the purpose of text and data mining, users who rely on this exception must proactively comply with the other 3 statutory conditions, namely:

- Having lawful access to the copyright works (e.g. no circumvention of paywalls).

- Infringing copies must not be used (e.g. must not make use of infringing websites).

- Must keep and make available records of the source of the copyright works.

Apart from enacting clear legal provisions, we will continue to maintain dialogue with stakeholders and the industry on relevant issues such as the means to reserve rights, and will develop flexible practical guidelines for the reference of copyright owners and users, in order to ensure smooth implementation of the amendment ordinance.

The proposed specific exception provides legal certainty as the rights of copyright owners and the responsibilities of users are set out clearly, which facilitates AI developers and copyright owners to negotiate licensing agreements. This will not only bring economic returns to copyright owners but also foster the regulated development of AI technology, achieving complementarity and mutual benefits.

Users who fail to comply with the above conditions when conducting text and data mining may incur legal liability for infringement. As to how to deal with infringing contents that AI systems have already learned, we understand that technology offers different practical solutions, such as training AI models to unlearn the relevant contents or filtering the generated contents, etc. and the relevant technology is also developing rapidly.

- End -

Reply Serial No.

CEDB069

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0275)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme 2, the Commerce and Economic Development Bureau will continue to support the further development of liquor-related businesses in Hong Kong in the coming year. Has the Government estimated the economic benefits brought by a reduction in liquor duty after the introduction of the two-tier duty system for liquor this year? Will the Government consider a further reduction in liquor duty, so as to strengthen the efforts to boost the development of high value-added industries including the auction, trading, distribution and storage of liquor in Hong Kong? If so, what are the details? If not, what are the reasons for that?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 209)

Reply:

Since the reduction of duty rate on high-end liquor until late February this year (i.e. a 4.5-month period), we note that the volume of duty-paid liquor imported (in litre) rose by more than 40% as compared with the 4.5-month period before the reduction of duty rate, while its value went up significantly by 1.3 times, reflecting that the two tier system introduced by the Government is effective in boosting high-end liquor trading. Moreover, the trade grasped the opportunity brought about by the reduction of liquor duty and organised various kinds of wine and spirits fairs, in which the proportion of liquor on sale has evidently risen. Some liquor traders have also lowered the prices of liquors. The response of the market has been positive.

We understand that the trade welcomes the measure and considers it conducive to increasing business opportunities. Regarding the suggestion from some members of the trade that the Government should further reduce the duty rate for liquor with import price of $200 or below, we would like to reiterate that the purpose of lowering liquor duty is to encourage the trade and auctions of high-end liquor in Hong Kong, thereby giving impetus to the development of other high value-added sectors such as logistics and storage, tourism as well as high-end food and beverage consumption. At the same time, we are also mindful of the need to avoid increasing liquor consumption among the public as a result of reducing liquor duty, thereby leading to other problems.

When introducing the relevant measures, the Government has fully balanced different policy considerations such as promoting economic development, maintaining stable public finances and protecting public health. Any further adjustments will require careful consideration of the impact on different aspects with prudent planning.

- End -

Examination of Estimates of Expenditure 2025-26 Reply Serial No.

CEDB070

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0277)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme (2), the Commerce and Economic Development Bureau worked with the Hong Kong Trade Development Council to launch the inaugural Hong Kong Shopping Festival (HKSF) in 2024-25 to promote the awareness of Hong Kong brands. It is stated in the 2024 Policy Address that the HKSF is to be relaunched in the next 2 years to help small and medium enterprises (SMEs) tap into the Mainland e-commerce sales market. Given the inaugural HKSF held in 2024-25 was well received by SMEs, will the Government make the HKSF a regular event? If so, what are the details? If not, what are the reasons for that? Can the latest details about the HKSF held in the Association of South East Asian Nations market be announced?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 204)

Reply:

In view of the prosperous development of global electronic commerce (e-commerce), the 2024 Policy Address announced that the Government will, through the Hong Kong Trade Development Council (HKTDC), continue to organise the Hong Kong Shopping Festival (HKSF) in 2025 and 2026, and will launch the HKSF for the market of the Association of Southeast Asian Nations (ASEAN) in due course.

The 2nd edition of the HKSF, scheduled for August 2025, aims at providing enterprises with practical experience in utilising e-commerce platforms to tap into the Mainland market. Drawing on the experience of organising the inaugural HKSF, HKTDC will continue to bring together Hong Kong enterprises to offer discounts in Mainland online stores and arrange enterprises to conduct livestreaming promotion on Mainland e-commerce platforms. It is anticipated that the scale of the 2nd edition of the HKSF will be larger than that of the inaugural HKSF, including showcasing more brands and covering major consumer products, in particular food and health supplements which are popular among Mainland consumers, while at the same time featuring more promotional channels to help Hong Kong enterprises raise brand exposure and grasp the opportunities in the Mainland e-commerce market.

Besides, the 2025-26 Budget announced that HKTDC will implement the "E-Commerce Express" ("電子商務快車") to strengthen support for small and medium enterprises (SMEs) to tap into the Mainland market and increase e-commerce sales. HKTDC has renamed the Chinese name of the service as "電子商務快綫". To address the pain points encountered by Hong Kong enterprises when developing cross-border e-commerce on the Mainland, HKTDC will, in collaboration with large-scale e-commerce or social media platforms, conduct a series of thematic training seminars and research sharing sessions to cover practical topics including the Mainland and overseas e-commerce market landscapes, legal compliance, operational strategies and features of both traditional and emerging online shopping platforms, how to establish fanbase, livestreaming production techniques, etc., with a view to providing more comprehensive support for SMEs interested in tapping into the e-commerce market.

E-commerce is a global trend. Drawing on the experience in organising the HKSF and views from participating enterprises, the Government and HKTDC will review and enhance various measures having regard to the needs of the trade and latest situation of the e-commerce market to support enterprises to develop brands and expand e-commerce sales. The ASEAN market is the next target in which the Government will encourage enterprises to develop cross-border e-commerce businesses. We will announce the details of launching the HKSF for the ASEAN market in due course.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB071

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0321)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to Programme (2), in 2025-26, the Commerce and Economic Development Bureau (CEDB) will seek early accession of Hong Kong to the Regional Comprehensive Economic Partnership (RCEP). What is the latest progress of the relevant work? Have any plans been developed to lobby RCEP members in 2025-26 for Hong Kong's early accession? If yes, what are the details? What are the manpower and expenditure involved? If no, what are the reasons? When does the CEDB expect Hong Kong to join RCEP?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 211)

Reply:

Upon the entry into force of the Regional Comprehensive Economic Partnership (RCEP) [Note] on 1 January 2022, the Hong Kong Special Administrative Region (HKSAR) Government has immediately submitted Hong Kong's formal accession request, and actively expressed to its members at different levels and on different occasions Hong Kong's keen interest in joining RCEP early. Seeking accession to RCEP is one of the key priorities of the HKSAR Government. Besides receiving full support from the Central People's Government, the HKSAR Government has also received positive responses from other RCEP members in particular ASEAN member states. For example, since assuming office in 2022, the Chief Executive (CE) has led delegations on 3 occasions to visit 7 ASEAN countries (including Thailand, Singapore, Indonesia, Malaysia, Laos, Cambodia and Vietnam), and received support from leaders of the economies, relevant government officials and local business leaders on Hong Kong's accession to RCEP. Thereafter, the Secretary for Commerce and Economic Development visited Laos in September 2024 and received appreciation from ASEAN Economic Ministers on Hong Kong's readiness and keen interest for early accession to RCEP, as well as the value and important contribution that Hong Kong will add to RCEP. In November 2024, the CE had bilateral meetings with leaders from various ASEAN member states during the Asia-Pacific Economic Cooperation Economic Leaders' Meeting in Peru, and they again indicated their support towards Hong Kong's accession to RCEP.

The Procedures for Accession to the RCEP Agreement was adopted by the RCEP Joint Committee (RJC) in September 2024, which is a concrete and critical step to welcoming new members. The HKSAR Government will continue to proactively follow up with RJC and maintain close liaison with the trade and economic departments of RCEP members to promote relevant discussions and foster favourable conditions for the early accession of Hong Kong to RCEP, with the view to contributing to the promotion of regional economic integration.

The HKSAR Government has formulated a comprehensive, specific and proactive work plan to strive for Hong Kong's accession to RCEP. However, as it involves the engagement with other governments, the HKSAR Government has no plan to disclose to the public the internal work plan as well as the relevant discussion with other economies.

The above work is led by the Commerce and Economic Development Bureau, and supported by the Trade and Industry Department and relevant overseas Hong Kong Economic and Trade Offices. It is conducted with the existing manpower and is part of the regular duties. The expenditure has been subsumed under the overall estimate and cannot be quantified separately.

Note: RCEP member economies include Mainland China, the 10 member states of the Association of Southeast Asian Nations (ASEAN) (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam), Australia, Japan, Korea, and New Zealand.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB072

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0524)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Commerce and Economic Development Bureau worked with HKMC Insurance Limited, the administrator of the SME Financing Guarantee Scheme (SFGS), to enhance the SFGS, including relaunching the principal moratorium arrangement, extending the application and maximum loan guarantee periods as well as introducing partial principal repayment options for the 80% and 90% guarantee products, so as to alleviate the repayment burden on SMEs. Will the Government inform this Committee:

1. of the respective numbers of applications received and approved in respect of the above enhancement measures, as well as the number of SMEs that have benefitted from such measures; and

2. given that Hong Kong is now in a critical period of economic restructuring, whether the Government will consider further extending the aforesaid enhancement measures; if so, of the details; if not, the reasons for that?

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 21)

Reply:

Since the launch of the SME Financing Guarantee Scheme (SFGS) in 2012, the Government has kept on introducing enhancement measures having regard to the economic situation of Hong Kong and the needs of small and medium enterprises, including extending the application period of the SFGS, increasing the maximum loan amount, extending the maximum guarantee period, increasing the total government loan guarantee commitment, etc. The Chief Executive announced in the 2024 Policy Address that the borrowing enterprises under the SFGS be allowed to apply for the principal moratorium arrangement for up to 12 months, for both existing and new loans (the application period has started from 18 November 2024 and will end on 17 November 2025); the maximum loan guarantee periods of the 80%

and 90% Guarantee Products be extended to 10 years and 8 years respectively; and the partial principal repayment options be offered to new loans under the 2 guarantee products. The application figures of the above enhancement measures as at end February 2025 are as follows:

	80% Guarantee Product (launched in 2012)	**90% Guarantee Product (launched in 2019)**	**Special 100% Guarantee Product (launched in 2020 and the application period ended in end March 2024)**
Principal Moratorium Arrangement			
Number of Applications Approved [Note]	96	167	1 680
Number of Benefitted Enterprises	84	156	954
Extension of the Maximum Guarantee Period			
Number of Applications Received			
- New Loans	26	80	
- Existing Loans	0	2	
Number of Applications Approved			
- New Loans	18	53	Not Applicable
- Existing Loans	0	2	
Number of Benefitted Enterprises			
- New Loans	18	53	
- Existing Loans	0	2	
Partial Principal Repayment Options			
Number of Applications Approved	0	0	Not Applicable

Note: The lending institutions will process the applications for the principal moratorium arrangement announced in the 2024 Policy Address in accordance with the relevant terms of the SFGS. Except for special circumstances (e.g. a borrowing enterprise is in serious arrears or even facing liquidation), relevant applications will all be approved.

The Government and HKMC Insurance Limited, which is responsible for administering and managing the SFGS, will continue to monitor the situation closely, and make necessary adjustments to the SFGS having regard to the circumstances so as to meet the financing needs of SMEs during the economic downturn.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB073

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0761)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

To support the development of local enterprises and help them go global, the Government will inject $1.5 billion in total into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the Export Marketing and Trade and Industrial Organisation Support Fund, and streamline application arrangements. Will the Government inform this Committee of the following:

1. the estimated number of Hong Kong enterprises to be benefitted after the injection of $1.5 billion into the two above-mentioned funds;

2. the specific measures to streamline application arrangements; and

3. given that the funding under "E-Commerce Easy" of the BUD Fund is currently provided on a 1 (government): 1 (enterprise) matching basis, whether consideration will be given to adjusting the funding ratio to further alleviate the burden on local enterprises?

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 26)

Reply:

To continue to support the development of local enterprises and help them go global, the 2025-26 Budget announced the injection of $1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the Export Marketing and Trade and Industrial Organisation Support Fund (EMTSF) (which covers expenditures of the SME Export Marketing Fund (EMF) and the Trade and Industrial Organisation Support Fund). This injection will be shared equally between the 2 funds. Together with the injection of $1 billion into the BUD Fund announced in the 2024 Policy Address, the Government will inject in total $1.75 billion and $0.75 billion respectively into the BUD Fund and the EMTSF.

This is a testament to the Government's unwavering commitment to supporting small and medium enterprises (SMEs) continuously despite the current fiscal conditions.

The BUD Fund is expected to receive 3 600 applications in 2025 with an approved funding amount of about $1.1 billion; while the EMF is expected to receive 30 920 applications in 2025 with an approved funding amount of about $573 million.

Supporting SMEs remains one of the Government's important policies, but we are also mindful of the fact that all support measures should be subject to constant review to ensure that they remain effective in the ever-changing economic environment. On the one hand, necessary support should be provided to SMEs in a timely, focussed and financially sustainable manner. On the other hand, we need to carefully utilise public funds to ensure that the Government could, within the limited resources available, effectively assist SMEs in enhancing competitiveness to tackle the uncertainties of the global economy and developing markets outside Hong Kong.

To this end, the Government has instituted several enhancement measures with respect to the BUD Fund on 14 March 2025. Firstly, each applicant enterprise can submit 1 "Easy BUD" application every 3 months, instead of 6 months. This will enable enterprises to obtain more timely funding support given the streamlined application and vetting arrangements under "Easy BUD". Besides, the funding scope of "Easy BUD" has been expanded to include establishment of online sales platform. Furthermore, to assist enterprises in coping with trade protectionism and geopolitical tensions, the BUD Fund expressly provides funding support for professional fees associated with the establishment of new business entities. We have also expanded the geographical coverage of "E-commerce Easy" to the 10 countries of the Association of Southeast Asian Nations, and stated in the Guide to Application that the scope of the BUD Fund covers implementation of green transformation projects that assist enterprises in business development. Specific measures include conducting carbon audits for newly developed products to enter target markets, upgrading production lines or applying new technologies to meet the environmental standards or legal requirements of target markets, etc.

To focus our limited resources to equip enterprises for upgrading and transformation, the Government will consolidate the EMF into the BUD Fund upon expiry of the former's special measure on 30 June 2026. This would attain synergy as the BUD Fund could also fund promotional activities in the context of upgrading and transformation. At the same time, to ensure financial sustainability of the two funding schemes, the Government has instituted measures on 14 March 2025 such that the BUD Fund and the EMF will be utilised in the most productive manner. Relevant measures include adjustments to the funding ceiling, matching ratio, and rationalisation of other parameters of the BUD Fund and the EMF, as detailed at the **Annex**. Among others, the matching ratio of the 2 funding schemes has been adjusted from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure, with a view to encouraging enterprises to choose appropriate and cost-effective projects more prudently and be more ready to put in resources. The Government would continue to keep in close touch with the trade and review the funding schemes' implementation, with a view to duly refining our support to SMEs.

- End -

Annex

SME Funding Schemes

Measures for rationalisation of operation and ensuring financial sustainability

Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. Audit fees will also be subject to the matching ratio of 1:3.

(2) Adjusting the initial payment from 75% to 20% of the approved Government funding.

(3) Adjusting the funding ceiling for each approved General and "E-commerce Easy" project from $1,000,000 to $800,000, and limiting the total approved Government funding for an applicant to not exceeding $800,000 at any one time.

(4) Limiting the number of general and "E-commerce Easy" applications that can be submitted by each enterprise to 1 in every 3 months, in line with Easy BUD. Applicants should have fulfilled their obligations for completed projects before their new applications are processed. Batch processing will be adopted for general and E-commerce Easy applications.

(5) Adjustments to fundable items (viz. scope of fundable items under setting up of a new business entity, recruitment of additional manpower, and duration of management fees for placement of advertisements and establishment of online sales platforms).

SME Export Marketing Fund (EMF)

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. There is no change to the funding ceiling per application, $100,000.

(2) Adjusting the initial payment from 75% to 20% of the approved government funding.

(3) Upholding additional requirements on selected expenditure items eligible for the EMF with a view to controlling the maximum amount of funding, including the funding ceiling, validity period of activities, restrictions on the number of repeated applications of a similar nature on certain activities, etc.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1617)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Paragraph 116 of the Budget Speech mentions enhancing the mentorship scheme with the Trade and Industry Department to enable Hong Kong businesses to better leverage e-commerce and online shopping platforms in the Mainland to boost sales. Given Hong Kong's unique strengths in merchandise trade, are there any plans to formulate strategies to encourage local on-line shopping platforms to go further by tapping into the Mainland and overseas markets? For example, by referencing the current measure of the Mainland online shopping platforms to provide free delivery to Hong Kong for single purchases of RMB99, will there be encouragement provided to Hong Kong's online shopping platforms to also set corresponding spending thresholds for free direct delivery to the Mainland, thereby promoting the development of e-commerce?

Asked by: Hon SO Cheung-wing (LegCo internal reference no.: 18)

Reply:

In view of the prosperous development of global electronic commerce (e-commerce), the Commerce and Economic Development Bureau established the interdepartmental E-commerce Development Task Force in January 2024 with a view to coordinating and formulating policies and measures to encourage enterprises to grasp the enormous opportunities brought about by cross-border e-commerce and develop more diversified markets, including:

- launching "E-commerce Easy" under the Dedicated Fund on Branding, Upgrading and Domestic Sales in July 2024 to encourage small and medium enterprises (SMEs) to implement e-commerce projects on the Mainland. Starting from 14 March 2025, the geographical coverage of "E-commerce Easy" has been expanded to the 10 countries of the Association of Southeast Asian Nations (ASEAN);

- organising, through the Hong Kong Trade Development Council (HKTDC), the inaugural Hong Kong Shopping Festival on Mainland e-commerce platforms in August 2024. The 2nd edition of the Hong Kong Shopping Festival (HKSF) is scheduled for August 2025, and will continue to bring together Hong Kong enterprises to offer discounts in Mainland online stores and arrange enterprises to conduct livestreaming promotion on Mainland e-commerce platforms. We will also launch the HKSF for the ASEAN market in due course;

- implementing the “E-Commerce Express” by HKTDC to strengthen support for SMEs to tap into the Mainland market and increase e-commerce sales;

- setting up more Hong Kong Pavilions by HKTDC in more Mainland and overseas (including ASEAN) exhibitions and organising pop-up promotional campaigns to showcase Hong Kong lifestyle/fashion design brands and products, with a view to enhancing the exposure and competitiveness of Hong Kong brands in non-local markets, helping Hong Kong brands connect with international buyers, thereby paving the way for Hong Kong brands to develop cross-border e-commerce businesses. HKTDC will also expand the geographical coverage of its Hong Kong Design Gallery online store to the ASEAN region and organise online and offline promotion, with a view to enhancing ASEAN consumers’ awareness of Hong Kong products and brands. These measures will be gradually rolled out in 2025-26;

- continuing the work of the Support and Consultation Centre for SMEs under the Trade and Industry Department (TID) to take lead and cooperate with the other three SME centres (including the “SME Centre” under HKTDC, the “SME One” under the Hong Kong Productivity Council and the “TecOne” under the Hong Kong Science and Technology Parks Corporation) to strengthen the provision of information to SMEs of conducting e-commerce in the Mainland and ASEAN markets; and

- enhancing support for SMEs to develop brands and expand the e-commerce sales networks through organising a mentorship programme by TID.

The policy objective of the Government is, through the above measures, to provide appropriate support to encourage and help local enterprises to develop cross-border e-commerce business, thereby enhancing their competitiveness and developing more diversified markets. Individual enterprises and online shopping platforms will, having regard to the actual market situation, make corresponding commercial decisions in formulating e-commerce marketing and sales strategies.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB075

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1618)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Paragraph 116 of the Budget Speech mentions giving further assistance to local small and medium enterprises in tapping into the Mainland market and increasing electronic commerce (e-commerce) sales through more sales channels. Paragraph 196 thereof also mentions measures to encourage youth entrepreneurship in the real economy. In this connection, does the Government have any plans to extent the support programme model for youth entrepreneurship in the real economy to including the approach of adding sales channels, thereby providing more e-commerce sales channels to encourage industries with no significant time constraints to set up e-commerce outlets and to sell on multiple online platforms, further enabling more profits and reinvesting in the programme?

Asked by: Hon SO Cheung-wing (LegCo internal reference no.: 19)

Reply:

The 2025-26 Budget announced that the Hong Kong Trade Development Council (HKTDC) will implement the "E-Commerce Express" ("電子商務快車") to strengthen support for small and medium enterprises (SMEs) to tap into the Mainland market and increase electronic commerce (e-commerce) sales. HKTDC has renamed the Chinese name of its service as "電子商務快綫". To address the pain points encountered by Hong Kong enterprises when developing cross-border e-commerce on the Mainland, HKTDC will, in collaboration with large-scale e-commerce or social media platforms, conduct a series of thematic training seminars and research sharing sessions to cover practical topics including the Mainland and overseas e-commerce market landscapes, legal compliance, operational strategies and features of both traditional and emerging online shopping platforms, how to establish fanbase, livestreaming production techniques, etc.

One of the key activities to be supported by the "E-Commerce Express" will be the 2nd edition of the Hong Kong Shopping Festival (HKSF) scheduled for August 2025. The event aims at providing SMEs with practical experience in utilising e-commerce platforms to tap into the Mainland market. To deepen participating enterprises' understanding of the techniques in operating on Mainland e-commerce and online shopping platforms and assist them in promoting brand awareness, HKTDC will, under the "E-Commerce Express", provide one-on-one consultation services for HKSF participants. Marketing specialists will advise Hong Kong enterprises on appropriate e-commerce strategies based on their individual business needs and product features. The Trade and Industry Department will also enhance support for SMEs to develop brands and expand the e-commerce sales networks through the mentorship programme. These measures will provide more comprehensive support for SMEs (including start-ups established by the youth) interested in tapping into the e-commerce market.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB076

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1643)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned under Programme (2) that the Commerce and Economic Development Bureau will continue to support the further development of wine and liquor-related businesses in Hong Kong. The Secretary for Commerce and Economic Development recently indicated that both the volume and total value of liquor sales had seen significant increases following the reduction of liquor duty, which was aimed at developing Hong Kong into a trading hub for high-end liquors, thereby boosting various sectors from catering and hotel to logistics and warehousing, while hopefully facilitating Chinese baijiu going global through Hong Kong. Will the Government inform this Committee of the latest figures on liquor sales, and the concrete strategies and measures to promote the development of Hong Kong into a trading hub for liquors in the coming year? In addition, will the Government proactively approach Mainland baijiu manufacturers and facilitate the entering of Chinese baijiu into the international market? In parallel, will the Government approach overseas liquor manufacturers and help with the development of their businesses in China?

Asked by: Hon SO Cheung-wing (LegCo internal reference no.: 34)

Reply:

Since the reduction of duty rate on high-end liquor until late February this year (i.e. a 4.5-month period), we note that the volume of duty-paid liquor imported (in litre) rose by more than 40% as compared with the 4.5-month period before the reduction of duty rate, while its value went up significantly by 1.3 times, reflecting that the two tier system introduced by the Government is effective in boosting high-end liquor trading. Moreover, the trade grasped the opportunity brought about by the reduction of liquor duty and organised various kinds of wine and spirits fairs, in which the proportion of liquor on sale has evidently risen. Some liquor traders have also lowered the prices of liquors. The response of the market has been positive.

As a “super-connector” and “super value-adder”, Hong Kong not only provides an important trading platform for Mainland liquor traders, assists Mainland liquor brands to “go global”, but also assists foreign liquor brands to enter the Mainland market. For example, the Hong Kong Tourism Board and the Hong Kong Trade Development Council (HKTDC) organised the Hong Kong Wine and Dine Festival and the Hong Kong International Wine and Spirits Fair (Wine and Spirits Fair) respectively in late 2024, attracting wine traders from different regions. Taking the Wine and Spirits Fair organised by the HKTDC as an example, it attracted over 600 exhibitors from 20 countries and regions. About 20% of the exhibitors came from the Mainland and about 70% of the exhibitors came from overseas. The Irish Whiskey Association even made its first appearance at the Wine and Spirits Fair in Hong Kong. As for the participants, the Wine and Spirits Fair also attracted over 8 200 buyers from 61 countries and regions to visit and source different alcoholic beverages, including liquors, showing that Hong Kong plays a positive role in connecting the Mainland and international liquor markets and fostering trading of liquor.

In addition, the Government will, through the overseas Hong Kong Economic and Trade Offices (ETOs) and the Mainland Offices, continue to actively disseminate information about Hong Kong’s liquor market and introduce the liquor duty reduction initiative to liquor traders in different regions with a view to attracting more Mainland and international liquor traders to use Hong Kong as a sales platform and logistics hub in the region. For example, the London ETO helped organise a seminar in January this year to explore the opportunities brought about by liquor duty reduction. Furthermore, the Beijing Office also promoted the advantages in developing liquor business in Hong Kong to local liquor enterprises. The ETOs and Mainland Offices will continue to introduce the Hong Kong liquor market through meetings with representatives from different business sectors or participating in different events.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB077

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1066)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in paragraph 113 of the 2025-26 Budget Speech that the Government will inject $1.5 billion in total into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the Export Marketing and Trade and Industrial Organisation Support Fund (EMTSF). In this connection, will the Government inform this Committee of the following:

- Of the total injection of $1.5 billion as proposed in the Budget Speech, what are the respective amounts of provision for the BUD Fund and the EMTSF?

- What are the total number of projects approved under the EMTSF in the past 3 years and the average processing time?

- What are the total number of projects approved since the launch of "Easy BUD" in June 2023 and the average processing time?

- Please set out in the following table the funding amounts for the approved projects under the BUD Fund in the past 3 years:

Year	Maximum funding amount approved	Number of approved projects
2022-2023	$100,001-$300,000	
	$300,001-$500,000	
	$500,001-$1,000,000	
2023-2024	$100,001-$300,000	
	$300,001-$500,000	
	$500,001-$1,000,000	
2024-2025	$100,001-$300,000	
	$300,001-$500,000	
	$500,001-$1,000,000	

- It is mentioned in the Budget Speech that the application arrangements for the BUD Fund will be streamlined. What are the specific details and the related expenditures and staff establishment?

- It has been some 13 years since the launch of the BUD Fund in June 2012. In view of the growing demand from enterprises for market expansion and the extension of the geographical scope of the BUD Fund, will the Government consider relaxing the cap on approved projects for applications from enterprises?

- Many members of the commercial and industrial sectors have reflected that it will be desirable to enhance the speed and efficiency in processing applications for the BUD Fund and simplify the related procurement requirements. Does the Government have any plans to simplify the application procedures and requirements of the BUD Fund?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 17)

Reply:

To continue to support the development of local enterprises and help them go global, the 2025-26 Budget announced the injection of $1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the Export Marketing and Trade and Industrial Organisation Support Fund (EMTSF) (which covers expenditures of the SME Export Marketing Fund (EMF) and the Trade and Industrial Organisation Support Fund (TSF)). This injection will be shared equally between the 2 funds. Together with the injection of $1 billion into the BUD Fund announced in the 2024 Policy Address, the Government will inject in total $1.75 billion and $0.75 billion respectively into the BUD Fund and the EMTSF. This is a testament to the Government's unwavering commitment to supporting SMEs continuously despite the current fiscal conditions.

EMTSF

The number of applications approved and application processing time for the EMF and the TSF in the past 3 years are as follows:

	EMF	**TSF**
Number of applications approved	61 868	56
Application processing time	Within 30 working days [Note 1]	Within 60 working days [Note 2]

Note 1: Apart from a small portion of the applications for which the extension of processing time is needed in 2022 owing to the special work arrangement during the pandemic, all applications could be processed within 30 working days by the Trade and Industry Department (TID) upon receiving all required documents and information.

Note 2: The processing time refers to the time taken by the Secretariat to conduct preliminary assessment on an application and submit recommendations to the Vetting Committee for decision. In the past 3 years, TID could complete preliminary assessments and submission of recommendations of all applications to the Vetting Committee for decision within 60 working days.

The BUD Fund

Funding amounts of the applications approved under the BUD Fund in the past 3 years are as follows:

Year	Funding amounts approved	Number of applications approved
2022	$100,000 or below	59
	Over $100,000 to $300,000	108
	Over $300,000 to $500,000	165
	Over $500,000 to $1,000,000	1 003
2023	$100,000 or below	190
	Over $100,000 to $300,000	148
	Over $300,000 to $500,000	183
	Over $500,000 to $1,000,000	1 169
2024	$100,000 or below	511
	Over $100,000 to $300,000	192
	Over $300,000 to $500,000	231
	Over $500,000 to $1,000,000	1 737

The Government launched "Easy BUD" in June 2023 to expedite the vetting of applications involving designated measures with a funding amount of $100,000 or below. As at end February 2025, a total of 592 applications were approved. To date, all "Easy BUD" applications could be processed within the performance pledge of 30 working days by the Hong Kong Productivity Council (HKPC), the Programme Secretariat, upon receiving all required documents and information.

The Government has instituted several enhancement measures with respect to the BUD Fund on 14 March 2025. Firstly, each applicant enterprise can submit 1 "Easy BUD" application every 3 months, instead of 6 months. This will enable enterprises to obtain more timely funding support given the streamlined application and vetting arrangements under "Easy BUD". Besides, the funding scope of "Easy BUD" has been expanded to include establishment of online sales platform. To assist enterprises in coping with trade protectionism and geopolitical tensions, the BUD Fund also expressly provides funding support for professional fees associated with the establishment of new business entities. We have also expanded the geographical coverage of "E-commerce Easy" to the 10 countries of the Association of Southeast Asian Nations, and stated in the Guide to Application that the scope of the BUD Fund covers implementation of green transformation projects that assist enterprises in business development. Specific measures include conducting carbon audits for newly developed products to enter target markets, upgrading production lines or applying new technologies to meet the environmental standards or legal requirements of target markets, etc.

To focus our limited resources to equip enterprises for upgrading and transformation, the Government will consolidate the EMF into the BUD Fund upon expiry of the former's special measure on 30 June 2026. This would attain synergy as the BUD Fund could also fund promotional activities in the context of upgrading and transformation. At the same time, to ensure financial sustainability of the two funding schemes, the Government has instituted measures on 14 March 2025 such that the BUD Fund and the EMF will be utilised in the most productive manner. Relevant measures include adjustments to the funding ceiling, matching ratio, and rationalisation of other parameters of the BUD Fund and the EMF, as detailed at the **Annex**.

The Government has launched several rounds of enhancements to the BUD Fund since August 2018, including increasing by phases considerably the quota of approved projects per enterprise from 3 when BUD Fund was established to 70 now. As at end February 2025, no enterprise has used up the project quota of 70, and the number of enterprises with 10 or more approved projects accumulatively only accounts for 0.3% of the total. We believe that the project quota of 70 can meet the needs of enterprises.

The manpower and expenditure of the Commerce and Economic Development Bureau and TID for implementing the BUD Fund have been subsumed under the respective overall establishment and estimates, and cannot be quantified separately. The estimated expenditure of the BUD Fund in 2025-26 is $1.292 billion, including the manpower and other fees provided to HKPC as the Programme Secretariat for implementing the BUD Fund, as well as disbursements to grantees.

- End -

Annex

SME Funding Schemes

Measures for rationalisation of operation and ensuring financial sustainability

Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. Audit fees will also be subject to the matching ratio of 1:3.

(2) Adjusting the initial payment from 75% to 20% of the approved Government funding.

(3) Adjusting the funding ceiling for each approved General and "E-commerce Easy" project from $1,000,000 to $800,000, and limiting the total approved Government funding for an applicant to not exceeding $800,000 at any one time.

(4) Limiting the number of general and "E-commerce Easy" applications that can be submitted by each enterprise to 1 in every 3 months, in line with Easy BUD. Applicants should have fulfilled their obligations for completed projects before their new applications are processed. Batch processing will be adopted for general and E-commerce Easy applications.

(5) Adjustments to fundable items (viz. scope of fundable items under setting up of a new business entity, recruitment of additional manpower, and duration of management fees for placement of advertisements and establishment of online sales platforms).

SME Export Marketing Fund (EMF)

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. There is no change to the funding ceiling per application, $100,000.

(2) Adjusting the initial payment from 75% to 20% of the approved government funding.

(3) Upholding additional requirements on selected expenditure items eligible for the EMF with a view to controlling the maximum amount of funding, including the funding ceiling, validity period of activities, restrictions on the number of repeated applications of a similar nature on certain activities, etc.

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB078

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1069)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Paragraphs 106 to 108 of the Budget mention the development of Hong Kong into a multinational supply chain management centre. The Hong Kong Trade Development Council (HKTDC) and InvestHK jointly encourage Mainland enterprises to establish a foothold in Hong Kong and set up international or regional headquarters for managing offshore trading and supply chain. In addition, export credit insurance measures have all along been the key support to Hong Kong exporters in expanding into global markets. In this connection, will the Government inform this Committee of the following:

- Paragraph 106 mentions that the HKTDC will provide one-stop professional consulting services to help Mainland enterprises having a presence in Hong Kong establish market connections and understand laws and regulations in overseas markets. In this regard, which areas will be covered according to the specific terms and specifications of these services? Are the services free of charge?

- Paragraph 107 mentions that the Hong Kong Export Credit Insurance Corporation (HKECIC) will provide credit insurance for export services relating to multinational supply chain. What are the specific support measures and requirements?

- I propose that we should draw on the successful "risk sharing arrangement on domestic sales in the Mainland" introduced by the HKECIC to help Hong Kong improve and develop sound industry and supply chains. How will the authorities review and improve the arrangement, and enhance co-operation with insurance and financial institutions so as to remove barriers to entry into domestic sales markets by enterprises, better seizing the opportunities arising from the development pattern featuring dual circulation?

- The Budget mentions that we need to attract more investment and enterprises from the Global South markets, and that we will further cultivate the ASEAN and Middle East markets, explore opportunities in Central Asia, South Asia and North Africa. In this regard, will the authorities consider, taking the "risk sharing arrangement on domestic sales in the Mainland" as a model, extending the practice to the above emerging market economies like the ten ASEAN countries, Central Asia and the Middle East?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 18)

Reply:

The global trade landscape and geopolitics are rapidly changing, with parts of the supply chains shifting to the Global South and Belt and Road countries, while Mainland enterprises are also proactively establishing their presence abroad. To cope with this trend, it was announced in the 2024-25 Budget that the Government's goal was to develop Hong Kong into a multinational supply chain management centre. In his 2024 Policy Address, the Chief Executive further requested Invest Hong Kong (InvestHK) and the Hong Kong Trade Development Council (HKTDC) to set up a high value-added supply chain services mechanism for attracting Mainland enterprises to establish international or regional headquarters in Hong Kong for managing offshore trading and supply chain, and providing one-stop professional advisory services for enterprises in Hong Kong looking to go global. In December 2024, InvestHK and HKTDC established the above mechanism to jointly encourage Mainland enterprises to establish presence in Hong Kong.

Through its Dedicated Teams for Attracting Businesses and Talents based in the Mainland Offices, InvestHK is proactively organising activities under the theme of multinational supply chains, so as to actively reach out to more Mainland enterprises for investment promotion work. As at end February 2025, InvestHK had organised and co-organised around 20 relevant investment promotion activities in various Mainland cities, including Hangzhou, Nanjing and Xiamen, etc. within around 1 year's time.

Meanwhile, HKTDC is providing one-stop professional advisory services for enterprises in Hong Kong and, through its overseas offices, rendering on-site support services. These services include assisting enterprises in establishing connections with overseas markets and understanding overseas laws and regulations; providing market research covering various emerging markets such as the Middle East, Central Asia and Latin America; as well as providing information on various areas including environmental, social and governance (ESG), testing and certification and export credit risk management. Furthermore, in view that Hong Kong's business sector possesses rich knowledge and profound experience in handling compliance, labour protection, environmental protection and other requirements of overseas markets, HKTDC facilitates collaboration between enterprises and different organisations and industry stakeholders to provide ESG training, etc. for Mainland enterprises seeking to expand their reach to overseas markets. This will help them build goodwill with business partners and expand their markets.

Besides, the Hong Kong Export Credit Insurance Corporation (ECIC) will provide credit insurance for export services relating to multinational supply chain. ECIC's policies cover not only export products shipped and re-exported from Hong Kong, but also those shipped directly from suppliers' countries (such as the Mainland China, Macau and other Southeast Asian countries, etc.) to their destinations without passing through Hong Kong. ECIC also assists Hong Kong exporters in securing trade financing from banks or financial institutions by providing different types of insurance policies and supports Hong Kong freight service providers to provide services to overseas customers (such as multinational retailers). The above measures can render more comprehensive support for enterprises seeking to go global. To facilitate Hong Kong exporters in expanding into Mainland and emerging markets, ECIC has increased the number of free buyer credit checks from 12 to 20.

A total of 6 banks have participated in the "Risk-sharing arrangement on domestic sales in the Mainland" launched by ECIC on a pilot basis in June 2023. Participating banks will conduct assessment on buyers' profiles and approve credit limits, and share the non-payment risks with ECIC. The credit limit for each buyer group is up to HK$100 million. ECIC will closely monitor the latest market trends, review existing measures and make necessary adjustments based on actual circumstances to provide appropriate support for exporters. ECIC is also proactively stepping up cooperation with insurance and financial institutions (including the China Export & Credit Insurance Corporation) to better understand the credit information of buyers in the Mainland and emerging markets, enabling Hong Kong enterprises to seize the opportunities arising from dual circulation and emerging markets.

- End -

Examination of Estimates of Expenditure 2025-26 Reply Serial No.

CEDB079

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1071)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie Wong)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is proposed in paragraphs 111 to 112 of the Budget Speech that co-operation with Belt and Road (B&R) countries be strengthened, and the Government, together with business and professional services sectors, will continue to further cultivate the ASEAN and Middle East markets, and explore opportunities in Central Asia, South Asia, and North Africa. Will the Government inform this Committee of the following:

- What are the Government's specific development strategies and action plans for the 5 emerging markets, namely the ASEAN, Middle East, Central Asia, South Asia, and North Africa? How does the Government determine the priorities of each market in the allocation of resources and funding? Are there specific indicators or evaluation criteria to ensure the effective utilisation of resources and maximise returns?

- In exploring the Central Asia, South Asia, and North Africa markets, how will the Government evaluate the opportunities for co-operation with these regions? What economic benefits are expected to be brought to Hong Kong? In addition, what specific industries or enterprises does the government wish to attract? Is there a list of potential partners or specific plans for co-operation?

- What are the resources and provision earmarked this year for organising outbound missions to the B&R countries? What is the main purpose of these visits? Are there any plans to visit countries in Central Asia, South Asia, and North African?

- To support the exploration of the aforementioned 5 emerging markets, what is the staff establishment and expenditure of the Belt and Road Office this year? Will there be any increase or decrease in the staff establishment and estimated expenditure this year to take forward the work?

- It is mentioned in paragraph 112 of the Budget Speech that the Government encourages different sectors to hold events around the B&R Summit in September for enhancing synergy. In this connection, will the Government provide assistance or funding for the events so as to attract more organisations from different sectors to show their support?

- It was proposed in the 2024-25 Budget that a new Belt and Road Festival be launched. It is learnt that the Festival was held in September last year. What are the total expenditure and effectiveness of the Festival? Will the Festival continue to be held this year? If yes, what are the details and the proposed schedule of the Festival? If not, what are the reasons?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 19)

Reply:

The Government is committed to consolidating Hong Kong's role as the functional platform for the Belt and Road (B&R) Initiative. We, together with businesses and professional services sectors, will further cultivate the Association of Southeast Asian Nations (ASEAN) and Middle East markets, as well as exploring opportunities in Central Asia, South Asia, and North Africa, to help drive all-round, multi-field collaboration for mutual benefit to Hong Kong and B&R countries and regions, thereby laying a solid foundation for long-term exchange and co-operation.

The Belt and Road Office (BRO) of the Commerce and Economic Development Bureau has liaised closely with Consul Generals from B&R countries in Hong Kong, representatives of professional bodies and enterprises, and other relevant stakeholders to understand the potential for co-operation in the B&R region, with a view to better assisting businesses to expand B&R business opportunities.

The Government will further cultivate the ASEAN and Middle East markets through a range of measures, as well as exploring opportunities in Central Asia, South Asia, and North Africa, including:

- Expanding economic and trade networks – The Government will continue to expand our economic and trade networks, with a view to facilitating Hong Kong enterprises and investors in expanding into the B&R markets and promoting the long-term economic development of Hong Kong. Currently, the Government has 16 offices/liaison units in the Mainland and 14 overseas Hong Kong Economic and Trade Offices (ETOs). Together with the offices of Invest Hong Kong (InvestHK) and the Hong Kong Trade Development Council (HKTDC) worldwide, Hong Kong has set up offices in 68 cities around the world, covering 129 countries. The Government is following up actively on the establishment of ETOs in Kuala Lumpur, Malaysia and Riyadh, Saudi Arabia. In addition, since the current-term Government took office, InvestHK set up consultant offices in Nairobi, Kenya and Almaty, Kazakhstan in 2022, Cairo, Egypt in 2024, and Izmir, Türkiye in January this year to explore emerging markets in the regions. HKTDC has also set up a consultant office in Phnom Penh, Cambodia.

- Negotiating and signing bilateral agreements – Hong Kong has signed agreement on 9 Free Trade Agreements (FTAs) with 21 economies (including B&R economies) so far, and will continue to seek to enter into FTAs with other economies. Hong Kong has also signed 24 Investment Promotion and Protection Agreements (IPPAs) with 33 overseas economies (including B&R economies), and is negotiating IPPAs with Bangladesh and Saudi Arabia with a view to concluding the negotiations as soon as possible.

- Organising outbound missions – The Government will continue to organise outbound missions for business sector and professional services to B&R countries, and will also deepen collaborations and exchanges arising from co-operation along the Silk Road Economic Belt, so as to assist Hong Kong enterprises and professional services to further expand business opportunities and build up collaborative relationships with relevant local enterprises and organisations.

- Organising major events – BRO has organised 10 exchange sessions since November 2023, inviting Consul Generals from B&R countries in Hong Kong, as well as representatives of professional bodies and enterprises, to share the opportunities and relevant experiences in B&R countries.

  In April 2024, BRO partnered with NEOM of Saudi Arabia to organise the "Discover NEOM Hong Kong" roadshow, which attracted around 1 100 participants, including enterprises, investors and professional representatives from the Mainland (including the Greater Bay Area) and Hong Kong. During the roadshow, BRO organised 2 business matching sessions, facilitating potential collaborations of around 40 Hong Kong and Mainland enterprises with NEOM.

  The B&R Summit (the Summit) is the flagship platform for Hong Kong to participate in and contribute to the B&R Initiative. The 9th Summit, held on 11-12 September 2024, attracted around 6 000 government officials, business leaders and representatives from enterprises from over 70 B&R countries and regions. Various stakeholders from different sectors actively organised a series of B&R-related activities around the period of the 9th Summit, including exhibitions, seminars, exchange events and cultural performances, covering areas such as trade and business, legal, innovation and technology, health, anti-corruption capacity building and culture, etc. These events created synergy with the 9th Summit, thereby promoting co-operation between Hong Kong and B&R countries and regions in a wide range of areas. It also promoted Hong Kong as an important platform for showcasing people-to-people bonds and fostering cultural exchanges. The 10th Summit will be held in September 2025 and we will encourage different sectors to hold events around the Summit period for enhancing synergies.

  BRO organised the B&R Cross-professional Forum on 14 February 2025 to promote Hong Kong's professional services to deepen the sectors' collaboration with business communities of B&R countries and the Mainland. It also provided a platform for enterprises from the 3 sides to exchange views on collaboration projects in various areas such as multinational supply chain management and construction, with a view to jointly seizing new opportunities brought by the B&R. It attracted over 250 business participants from Hong Kong, the Mainland and B&R countries.

Relevant indicators on continuing to promote Hong Kong as the functional platform for the B&R Initiative in 2025 include organising promotional programmes and networking sessions to be attended by no less than 7 500 persons in total; reaching out to no less than 560 professional and business associations, chambers and community groups; and organising business missions to 5 B&R countries with about 120 participants in total.

In 2025-26, the establishment of BRO will remain unchanged at 19 and the estimated overall expenditure will be about $40.185 million. The expenditure for the above-mentioned measures has been subsumed under the overall estimate and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB080

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1075)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme (2) of Head 152, the Commerce and Economic Development Bureau will continue to co-ordinate bureaux and departments in formulating policies and measures on the development of cross-border e-commerce, and work with the Hong Kong Trade Development Council (HKTDC) and the Trade and Industry Department (TID) to assist small and medium enterprises (SMEs) in developing e-commerce business. In this connection, will the Government inform this Committee of the following:

- How many funded projects have been approved under "E-commerce Easy" since its launch in July 2024 to March 2025? What is the average amount of funding?

- It is mentioned in paragraph 116 of the Budget Speech that the HKTDC will launch the "E-Commerce Express" to assist local SMEs in tapping into the Mainland market and increasing sales from e-commerce markets. When will this scheme be officially launched? What are the specific details? Which industries will be accorded priority to receive the support? What is the duration of services available for each Hong Kong enterprise?

- As mentioned in the Budget, the HKTDC will launch the "E-Commerce Express" in collaboration with large-scale e-commerce platforms to provide Hong Kong enterprises with one-to-one consultation services and thematic seminars. However, the Transformation Sandbox and the Digital Academy of the HKTDC are providing similar business advisory services, workshops and seminars, while the Support and Consultation Centre for Small and Medium Enterprises under the TID is also organising business seminars and workshops. How is the "E-Commerce Express" different from the above supporting initiatives? What are its unique and value-added features?

- Currently, both "E-commerce Easy" and "E-Commerce Express" aim to support Hong Kong enterprises in implementing e-commerce projects in the Mainland. At the same time, the Budget mentions about the exploration of emerging markets in the Association of Southeast Asian Nations, Middle East, Central Asia, South Asia and North Africa. Will the Government consider extending the coverage of the two schemes to the markets in these five regions, so as to facilitate the early entry of SMEs into the emerging e-commerce markets for seizing business opportunities?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 20)

Reply:

“E-commerce Easy” under the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)

To assist Hong Kong enterprises in developing the Mainland market through electronic commerce (e-commerce), the Government launched “E-commerce Easy” under the BUD Fund on 15 July 2024 to allow each enterprise to make use of $1 million funding flexibly within the cumulative funding ceiling of $7 million per enterprise for implementing e-commerce projects on the Mainland. From the launch of “E-commerce Easy” in July 2024 to end February 2025, a total of 43 applications were approved or approved with conditions. The average funding amount of the approved applications is about $576,000.

On 14 March 2025, the Government has instituted enhancement measures and other measures under the BUD Fund and the SME Export Marketing Fund to rationalise the operation and ensure financial sustainability of the 2 funding schemes (see the **Annex**). The Government has also implemented the enhancement measures for “E-commerce Easy” announced in the 2024 Policy Address, expanding its geographical coverage to the 10 countries of the Association of Southeast Asian Nations (ASEAN) to further support Hong Kong enterprises to develop the ASEAN market through e-commerce business. We will keep on reviewing the operational arrangements of “E-commerce Easy” and, having regard to actual circumstances, duly consider making appropriate adjustments, including its applicable geographical coverage.

“E-Commerce Express”

The 2025-26 Budget announced that the Hong Kong Trade Development Council (HKTDC) will implement the “E-Commerce Express” (“電子商務快車”) to strengthen support for small and medium enterprises (SMEs) to tap into the Mainland market and increase e-commerce sales. HKTDC has renamed the Chinese name of the service as “電子商務快綫”. To address the pain points encountered by Hong Kong enterprises when developing cross-border e-commerce on the Mainland, HKTDC will, in collaboration with large-scale e-commerce or social media platforms, conduct a series of thematic training seminars and research sharing sessions, with a view to providing more comprehensive support for SMEs interested in tapping into the e-commerce market.

HKTDC plans to organise at least 5 seminars under the “E-Commerce Express” in the first half of 2025, featuring the following topics:

- inviting specialists to provide practical guidance on legal compliance, requirements of specific platforms and common pitfalls, and to introduce common payment tools on the

Mainland as well as taxation issues to which enterprises engaging in e-commerce on the Mainland should pay particular attention;

- exploring development trends of traditional e-commerce and social platforms, and how Hong Kong brands could choose suitable platforms to establish market influences;

- exploring practical strategies for opening online stores on the Mainland e-commerce and social platforms, understanding those platforms' traffic patterns and consumer behaviour, discussing how to promote brands on those platforms and reach out to new consumer groups; and

- exploring marketing strategies to promote Hong Kong brands and products on Mainland e-commerce and social platforms, how to establish "organic communities" for natural dissemination and create popular promotional contents, analysing the opportunities and challenges of livestreaming promotion, understanding the ecosystem and hierarchical structure of Mainland key opinion leaders (KOLs)/anchors and how to select and invite appropriate KOLs/anchors for cooperation, etc.

Besides, one of the key activities to be supported by the "E-Commerce Express" will be the 2nd edition of the Hong Kong Shopping Festival (HKSF) scheduled for August 2025. The event aims at providing SMEs with practical experience in utilising e-commerce platforms to tap into the Mainland market. To deepen participating enterprises' understanding of the techniques in operating on Mainland e-commerce and online shopping platforms and assist them in promoting brand awareness, HKTDC will, under the "E-Commerce Express", provide one-on-one consultation services for HKSF participants. Marketing specialists will advise Hong Kong enterprises on appropriate e-commerce strategies based on their individual business needs and product features. The "E-Commerce Express" consists of various activities and seminars for enterprises to participate. We have no plan to set service duration for each enterprise.

As the Mainland e-commerce market is mature, the Government targets at the Mainland market in the first phase of work in promoting e-commerce development. Drawing on the experience in implementing the "E-Commerce Express" and organising the HKSF, and having regard to the needs of the trade and latest situation of the e-commerce market, we will review and enhance various measures to support enterprises to develop brands and expand e-commerce sales, including developing target markets for e-commerce business. The ASEAN market is the next target in which the Government will encourage enterprises to develop cross-border e-commerce businesses. We will announce the details of launching the HKSF for the ASEAN market in due course.

The HKTDC Transformation Sandbox programme (T-box) aims at helping Hong Kong enterprises enhance their competitiveness and achieve goals of upgrading and transformation through business advisory services, workshops, provision of information on government funding and networking opportunities, etc. It covers various areas including brand upgrading, digital transformation, manufacturing and supply chain solutions, market expansion and sustainable development. Meanwhile, the Digital Academy offers various online courses to help local SMEs enhance their digital competitiveness, covering 4 core areas, namely e-commerce, digital marketing, content marketing and cross-border business. On the other hand, the "Support and Consultation Centre for Small and Medium Enterprises"

(SUCCESS) under the Trade and Industry Department and the other 3 SME centres (namely the "SME Centre" under HKTDC, the "SME One" under the Hong Kong Productivity Council and the "TecONE" under the Hong Kong Science and Technology Parks Corporation) provide "four-in-one" integrated services for enterprises, facilitating SMEs in obtaining general business information (including but not limited to information related to e-commerce), as well as information on various funding schemes and support services. The above schemes/measures are complementary to the "E-Commerce Express" and provide comprehensive assistance for SMEs to develop more diversified markets (including e-commerce markets).

- End -

<u>**Annex**</u>

SME Funding Schemes

Measures for rationalisation of operation and ensuring financial sustainability

Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. Audit fees will also be subject to the matching ratio of 1:3.

(2) Adjusting the initial payment from 75% to 20% of the approved Government funding.

(3) Adjusting the funding ceiling for each approved General and "E-commerce Easy" project from $1,000,000 to $800,000, and limiting the total approved Government funding for an applicant to not exceeding $800,000 at any one time.

(4) Limiting the number of general and "E-commerce Easy" applications that can be submitted by each enterprise to 1 in every 3 months, in line with Easy BUD. Applicants should have fulfilled their obligations for completed projects before their new applications are processed. Batch processing will be adopted for general and E-commerce Easy applications.

(5) Adjustments to fundable items (viz. scope of fundable items under setting up of a new business entity, recruitment of additional manpower, and duration of management fees for placement of advertisements and establishment of online sales platforms).

SME Export Marketing Fund (EMF)

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. There is no change to the funding ceiling per application, $100,000.

(2) Adjusting the initial payment from 75% to 20% of the approved government funding.

(3) Upholding additional requirements on selected expenditure items eligible for the EMF with a view to controlling the maximum amount of funding, including the funding ceiling, validity period of activities, restrictions on the number of repeated applications of a similar nature on certain activities, etc.

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB081

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1079)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in Programme (2) Commerce and Industry of Head 152 that the work of the Commerce and Economic Development Bureau includes formulating policies to attract more external direct investment into Hong Kong and support small and medium enterprises, as well as leading and co-ordinating the work on the Belt and Road Initiative (B&RI). In this connection, will the Government advise this Committee of the following:

(1) According to Programme (2), the revised estimate of $13.46 billion for 2024-25 is 130.9% higher than the original estimate for 2024-25, while the estimate of $12.9 billion for 2025-26 is $500 million less than that of last year. In this regard, what are the main reasons for the changes and variations in the relevant estimates?

(2) What specific work was done by the Government and its overseas Economic and Trade Offices in the past year to support and maintain ties with Hong Kong enterprises setting up factories and doing business in the Mainland, the Association of Southeast Asian Nations and the Middle East? What specific work was done in the past to deepen co-operation with organisations such as chambers of commerce and trade associations established overseas by Hong Kong enterprises to facilitate unimpeded trade for local enterprises?

(3) The Government has stated that, in 2025-26, it will continue to proactively consolidate Hong Kong's unique advantages and positioning as the functional platform for the B&RI by reinforcing co-operation with relevant Mainland authorities and maintaining ties with other stakeholders and governments along the Belt and Road. In this regard, what plans does the Government have to strengthen collaboration with Mainland authorities in the future? What specific sectors or industries are involved? Apart from Mainland authorities, will there be enhanced collaboration with stakeholders such as the Mainland government units-in-charge, as well as trade associations, chambers of

commerce and entrepreneurs associations of different sectors in the Mainland to help various sectors in Hong Kong to deeply integrate into the country's development?

(4) According to my understanding, many government agencies, industry organisations and enterprises of the Mainland have liaised and interfaced with relevant industry associations in Hong Kong to learn about establishing a foothold in Hong Kong and going global through leveraging the city's international business environment. For instance, the Pearl River Delta Council of the Federation of Hong Kong Industries, as well as the Textile Council of Hong Kong Limited and its member associations, etc. have come across a number of such cases. In this regard, will the Government consider strengthening efforts across different industry sectors by offering financial and policy support to chambers of commerce and business associations of various industries in Hong Kong, with a view to enabling them to deeply integrate with their Mainland and overseas counterparts, thereby facilitating Hong Kong's investment promotion work?

(5) The Government has stated that it will continue to work with Trade and Industry Department ("TID") and Hong Kong Productivity Council ("HKPC") to implement the BUD Fund in 2025-26, and targeted funding support will be provided for enterprises to implement green transformation projects. In this connection, what are the relevant plans and details? Will additional expenditure or provision be involved? How will the Government provide targeted funding support for the green transformation of enterprises?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 11)

Reply:

(1) The 2024-25 revised estimate under Programme (2) Commerce and Industry is $7.6348 billion (130.9%) higher than the original estimate, with the increased provisions (about 98% and 2% respectively) allocated to the SME Financing Guarantee Scheme (SFGS) – Guarantee Products and the Incentive Scheme for Recurrent Exhibitions (ISRE) due to the expected increase in the cash flow requirement of these 2 schemes in 2024-25. Besides, the 2025-26 estimate is $559.8 million (4.2%) lower than the 2024-25 revised estimate, with the decreased provision under the SFGS – Guarantee Products and ISRE (about 89% and 17% respectively) due to the expected decrease in the cash flow requirement of these 2 schemes in 2025-26. The decrease is partly offset by the increase in personal emoluments and operating expenses.

(2) Over the past year, apart from collaborating with the relevant overseas Hong Kong agencies to promote and tell the good stories of Hong Kong, the overseas Hong Kong Economic and Trade Offices (ETOs) continued to maintain close liaison with local business communities and organisations, with a view to keeping them abreast of Hong Kong's latest developments as well as advantages in various aspects, and encouraging them to do business and invest in Hong Kong. The ETOs were also committed to encouraging enterprises and investors in the countries/regions under their purview (including the Association of Southeast Asian Nations and the Middle East) to leverage the unique advantages of Hong Kong under "One Country, Two Systems", including Hong Kong's status as an international innovation and technology hub, and the established strengths in financial services, trade and shipping. Such work not only

helped enhance Hong Kong's image, but also fostered the business connections between Hong Kong and relevant countries/regions.

(3) The Belt and Road Office (BRO) under the Commerce and Economic Development Bureau (CEDB) has been maintaining close contact with Central Ministries and relevant Mainland authorities and organisations to better facilitate Hong Kong enterprises and professional services in exploring business opportunities along the Belt and Road (B&R). The Hong Kong Special Administrative Region (HKSAR) Government, the National Development and Reform Commission and relevant central ministries hold the Joint Conference on Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative (B&RI) every year to discuss the HKSAR Government's achievements and work proposals in various aspects in promoting the B&RI. The HKSAR Government officials attending the conference would be led by the Secretary for Justice in his capacity as the chairperson of the Working Group on Belt and Road Development under the Steering Group on Integration into National Development. Moreover, the B&R Summit (the Summit) is the flagship platform for Hong Kong to participate in and contribute to the B&RI. The 9th Summit, held on 11-12 September 2024, attracted around 6 000 government officials, business leaders and representatives of enterprises from over 70 B&R countries and regions, including government officials from about 10 countries and about 80 prominent international business leaders, as well as over 100 delegations and 38 central state-owned enterprises from the Mainland. BRO will continue to liaise closely with Central Ministries, Consul Generals from B&R countries in Hong Kong, representatives of professional bodies and enterprises and other relevant stakeholders.

(4) On attracting businesses and investment, Invest Hong Kong (InvestHK) will continue to collaborate with relevant organisations, chambers of commerce, and professional bodies (including industry associations), etc., to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc., with a view to attracting Mainland and overseas enterprises from various sectors to set up or expand their businesses in Hong Kong.

The global trade landscape and geopolitics are rapidly changing, with parts of the supply chains shifting to the Global South and B&R countries, while Mainland enterprises are also proactively establishing their presence abroad. To cope with this trend, it was announced in the 2024-25 Budget that the Government's goal was to develop Hong Kong into a multinational supply chain management centre. In his 2024 Policy Address, the Chief Executive further requested InvestHK and the Hong Kong Trade Development Council (HKTDC) to set up a high value-added supply chain services mechanism for attracting Mainland enterprises to establish international or regional headquarters in Hong Kong for managing offshore trading and supply chain, and providing one-stop professional advisory services for enterprises in Hong Kong looking to go global. In December 2024, InvestHK and HKTDC established the above mechanism to jointly encourage Mainland enterprises to establish presence in Hong Kong.

Through its Dedicated Teams for Attracting Businesses and Talents based in the Mainland Offices, InvestHK is proactively organising activities under the theme of multinational supply chains, so as to actively reach out to more Mainland enterprises for investment promotion work. As at end-February 2025, InvestHK had organised and co-organised around 20 relevant investment promotion activities in various Mainland cities, including Hangzhou, Nanjing and Xiamen, etc. within around one year's time.

Meanwhile, HKTDC is providing one-stop professional advisory services for enterprises in Hong Kong and, through its overseas offices, rendering on-site support services. These services include assisting enterprises in establishing connections with overseas markets and understanding overseas laws and regulations; providing market research covering various emerging markets such as the Middle East, Central Asia and Latin America; as well as providing information on various areas including environmental, social and governance (ESG), testing and certification and export credit risk management. Furthermore, in view that Hong Kong's business sector possesses rich knowledge and profound experience in handling compliance, labour protection, environmental protection and other requirements of overseas markets, HKTDC facilitates collaboration between enterprises and different organisations and industry stakeholders to provide ESG training, etc. for Mainland enterprises seeking to expand their reach to overseas markets. This will help them build goodwill with business partners and expand their markets.

(5) The Chief Executive announced in the 2024 Policy Address that the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) would provide targeted funding support for enterprises to implement green transformation projects. We have stated in the Guide to Application that the funding scope of the BUD Fund covers implementation of green transformation projects in assisting enterprises in their business development. Specific measures include conducting carbon audits for newly developed products to enter target markets, upgrading production lines or applying new technologies to meet the environmental standards or legal requirements of target markets, etc. Enterprises may apply for funding support to implement green transformation projects through the general application track of the BUD Fund. The funding ceiling for each approved application is $800,000.

The manpower and expenditure of CEDB and the Trade and Industry Department for implementing the BUD Fund have been subsumed under the respective overall establishment and estimates, and cannot be quantified separately. The estimated expenditure of the BUD Fund in 2025-26 is $1.292 billion, including the manpower and other fees provided to the Hong Kong Productivity Council as the Programme Secretariat for implementing the BUD Fund, as well as disbursements to grantees.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB082

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2604)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (6) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in the Budget that the Hong Kong Trade Development Council will promote awareness of Hong Kong brands, including silver product brands on Mainland e-commerce platforms to develop the national domestic sales market, and complement the Government's efforts in promoting the development of silver economy by incorporating "silver economy" elements into more trade fairs and exhibitions to enhance the promotion of relevant products and services. In this connection, please inform this Committee of the following:

(i) What are the details of the plans to promote silver product brands on Mainland e-commerce platforms, as well as the expenditure and staffing arrangement involved in 2025-26?

(ii) Please tabulate the time, scale, expenditure and effectiveness of the events launched at the fairs and exhibitions incorporated with "silver economy" elements in 2024-25.

Asked by: Hon TAN Yueheng (LegCo internal reference no.: 11)

Reply:

The requested information is set out below:

(i) Relevant work is conducted with the existing manpower. The expenditure required for promoting silver economy has been subsumed under the overall estimated expenditure of the Commerce and Economic Development Bureau (CEDB) and the Hong Kong Trade Development Council (HKTDC). It cannot be quantified separately.

In terms of boosting "silver consumption", the CEDB is proactively encouraging the business sector to give prominence to silver elements in their business operation (including more exhibitions), and to offer to the market more products and services that better meet silver consumers' needs. This aims to provide the silver community with a wide array of choices, thereby promoting the development of the silver economy.

(ii) In 2024-2025, HKTDC set up a dedicated zone "Smart Ageing" and arranged silver element programmes at exhibitions such as Hong Kong International Optical Fair, the Asia Summit on Global Health, and Hong Kong International Medical and Healthcare Fair. In addition, the Chinese Manufacturers' Association of Hong Kong also introduced special offers for silver consumers at the 58th Hong Kong Brands and Products Expo organised in end-2024.

- End -

(Question Serial No. 2605)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

As the Budget indicates that the Government continued to implement measures to underpin the further development of wine-related businesses in Hong Kong, including wine trade promotion and the facilitation scheme for wine re-exports to the Mainland. In this connection, will the Government inform this Committee:

(1) as data reveal that the total value of wine imports declined for 3 consecutive years from 2022 to 2024, while the total value of re-exports fell by 34.57% in 2024, how the Government will maintain Hong Kong's status as the wine trading and distribution hub in Asia, and of the details on the facilitation measures for re-exports to the Mainland; and

(2) as regards the Hong Kong International Wine and Spirits Fair held in 2024, of the expenditure involved, the number of exhibitors and buyers as well as the effectiveness in tabular form, and of the plan and estimated expenditure for such event in 2025-26?

Asked by: Hon TAN Yueheng (LegCo internal reference no.: 12)

Reply:

We have all along assisted in promoting local wine-related activities, including the Hong Kong Wine and Dine Festival by the Hong Kong Tourism Board and the Hong Kong International Wine and Spirits Fair (Wine and Spirits Fair) by the Hong Kong Trade Development Council (HKTDC). Besides, the world's top wine exhibition (Vinexpo Asia) was held in Hong Kong in May 2024, indicating that Hong Kong is recognised by the international trade as a wine trading hub in the region. The overseas Hong Kong Economic and Trade Offices and the Mainland Offices will continue to strengthen promotion of Hong Kong as a regional wine trading hub overseas and in the Mainland, such as promoting Hong Kong's wine business through organising exhibitions and investment promotion activities, with a view to assisting the industry to expand their businesses in the global market.

Regarding wine trade facilitation measures, wine traders can currently enjoy instant customs clearance at all 42 customs districts of the Mainland when re-exporting wines from Hong Kong to the Mainland under the Customs Facilitation Measures for Wine Entering the Mainland through Hong Kong (the Facilitation Measures). Companies registered in Hong Kong under the Business Registration Ordinance (Cap. 310) and engaged in substantive business operation in wine consignment may apply for registration as Hong Kong Registered Wine Exporters. Thereafter, they may submit advance wine consignment information online so that their wine may enjoy instant customs clearance upon arrival at Mainland ports under the Facilitation Measures.

The 16th Wine and Spirits Fair organised by the HKTDC was held from 7 to 9 November 2024. It attracted over 600 exhibitors from 20 countries and regions. About 20% of the exhibitors came from the Mainland and about 70% of the exhibitors came from overseas. The Irish Whiskey Association even made its first appearance at the Wine and Spirits Fair in Hong Kong. As for the participants, the Wine and Spirits Fair also attracted over 8 200 buyers from 61 countries and regions to visit and source different alcoholic beverages, showing that Hong Kong plays a positive role in connecting the Mainland and international alcoholic beverages markets and fostering trading of alcoholic beverages.

The 17th Wine and Spirits Fair will be held in November this year. HKTDC will continue to enhance the exhibition with a view to attracting more enterprises from the Mainland, the Association of Southeast Asian Nations and the Regional Comprehensive Economic Partnership regions to connect with international buyers at the Wine and Spirits Fair and reinforce Hong Kong’s status as a regional trading hub for alcoholic beverages.

The expenditure for the above work has been subsumed under HKTDC’s overall estimate and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB084

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3113)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (3) Telecommunications

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Since the full implementation of the Real-name Registration Programme for SIM Cards (RNR Programme) in February 2023, the Office of the Communications Authority (OFCA) has been collaborating with telecommunications service providers to ensure effective implementation of the RNR Programme. Among others, telecommunications service providers are requested to conduct sample checks from time to time and follow up on the verification of suspicious pre-paid SIM (PPS) cards, and refer cases of suspected use of false identity documents to the Police for handling, with a view to assisting the Police in combatting telephone frauds. Moreover, OFCA implemented the SMS Sender Registration Scheme (Registration Scheme) in December 2023. Figures show that the average number of telephone fraud cases in the fourth quarter of 2023 has dropped by 38.1% when compared to the same period in 2022. However, cases of deception in 2024 recorded a rise of 4 656 cases or rebounded by 11.7% compared with 2023. The rise was mainly attributed to the emergence of the new modus operandi of telephone deception involving "Impersonating Customer Service" since early last year. A total of 5 575 cases of such modus operandi were reported in 2024, far exceeding the overall increase of 4 656 cases in deception. In this connection, will the Government inform this Committee of the following:

(a) in respect of the Registration Scheme, the latest number of registrations by government departments, and the percentage and the names of registered departments;

(b) the time required for processing applications for the registration portal;

(c) the staff establishment and expenditure involved in launching and maintaining the registration portal;

(d) the respective numbers of sample checks on the registered information arranged by the OFCA and telecommunications service providers in the past year;

(e) the number of PPS cards that have completed real-name registration with false information in the past year, the respective numbers of cases of successful prosecution and successful conviction, and the penalties imposed;

(f) in tabular form, the distribution of recorded telephone fraud cases among the users of various telecommunications service providers in the past 3 years; and

(g) whether the Government will consider setting key performance indicators in relation to blocking deception cases for telecommunications service providers, which may serve as a reference when considering spectrum purchases and license renewals in future, or may even be used for formulating a penalty mechanism; if yes, the details; if not, the reasons?

Asked by: Hon TIEN Puk-sun, Michael (LegCo internal reference no.: 38)

Reply:

The Office of the Communications Authority (OFCA) has been working closely with the Police and telecommunications service providers (TSPs) to devise and implement a series of measures from the telecommunications services perspective to combat telephone frauds by tackling the problem at source, and actively providing assistance to the Police in their law enforcement operations. The Police and OFCA do not maintain statistics on the distribution of users of TSPs involved in telephone fraud cases in the past 3 years.

The SMS Sender Registration Scheme (the Scheme) has been implemented since 28 December 2023, and was fully opened to all industries in February 2024, with a view to helping members of the public identify SMS senders and enhancing anti-fraud awareness. Under the Scheme, only those companies or organisations qualified as Registered Senders are able to send SMS messages using their Registered SMS Sender IDs with the prefix "#", and TSPs will block fraudulent SMS messages sent by non-Registered Senders via the Internet. In general, organisations interested in participating in the Scheme are required to submit an application and necessary supporting documents to OFCA. Upon approval, they can be qualified as Registered Senders and be able to send SMS messages with the prefix "#". In general, once all necessary information is received, OFCA will notify the applicant of the result of their application within 15 working days. As of 7 March 2025, over 480 public and private organisations have joined the Scheme (including 76 Government bureaux/departments, statutory bodies or other related organisations). The "SMS Sender Registry" is available on OFCA's website and serves as a reference for the public to identify companies or organisations that are Registered Senders. OFCA will continue to actively engage more organisations that frequently communicate with the public/customers via SMS messages to participate in the Scheme. The relevant manpower and expenses will be borne by the OFCA Trading Fund.

As for the Real-name Registration Programme for SIM Cards (RNR Programme), the RNR Programme has been fully implemented since 24 February 2023, requiring that all SIM cards issued and used locally (including SIM service plans and pre-paid SIM cards (PPS cards)) must complete real-name registration before service activation. Starting from 1 October 2024, Hong Kong identity (HKID) card holders completing real-name registration for PPS cards via TSPs' online registration platforms will by default register and verify their identities through the mobile application "iAM Smart". OFCA has also required TSPs to conduct full manual verification of the registration information for PPS cards submitted on the online registration platforms by all non-HKID holders (e.g. those using valid travel documents or passports). At the same time, OFCA has all along required TSPs to conduct regular sampling checks on the registration information of registered PPS card users and perform manual checks on suspected cases. If users subject to sample checks are unable to verify the registration information following the instructions of the respective TSPs, the relevant PPS cards may be deregistered and cannot be used further. Upon detection of suspicious cases (including PPS cards registered using another person's identity card), TSPs will refer the cases to the Police for follow-up action as soon as possible. Since the implementation of the RNR Programme, as at end February 2025, around 4.3 million PPS cards were rejected as a result of failure of clients in providing information in compliance with the registration requirements. In addition, TSPs cancelled the registration records of about 3.2 million non-compliant PPS cards. In January 2025, the Police successfully prosecuted the first case of using false identity card information to conduct real-name registration for a large number of SIM cards for the offence of "conspiracy to use copies of false instruments". According to the Police, the case involved over 9 000 PPS cards.

In addition, TSPs are required to block suspicious calls starting with "+852" in accordance with the code of practice issued by the Communications Authority (CA), and to send voice or text alerts to users for other incoming external calls prefixed with "+852" to remind them to stay vigilant. As at end February 2025, TSPs blocked over 5.05 million such suspicious calls and sent over 29 million voice or text alerts. TSPs, based on the fraud records and information provided by the Police, will block or suspend services of the telephone numbers and access to webpages suspected to be involved in fraudulent activities. As at end February 2025, telecommunications services of over 5 900 local numbers were suspended and access to over 39 900 fraudulent websites were blocked according to Police records. Based on the code of practice promulgated by CA, TSPs will also monitor calls or SMS originating from their networks and systems to identify suspected scam call and scam SMS patterns, and suspend the services of relevant telephone numbers immediately. As at end February 2025, about 1.39 million local telephone numbers were thereby suspended.

If a TSP violates the relevant provisions in the relevant codes of practice constituting a breach of licence conditions, CA may issue a written direction pursuant to Section 36B of the Telecommunications Ordinance (Cap. 106) to mandate the TSP to comply with the relevant licence conditions, or impose a financial penalty pursuant to Section 36C, etc.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0020)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry, (7) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Budget Speech that the Working Group on Promoting Silver Economy will implement measures in five areas, namely boosting "silver consumption", developing "silver industry", promoting "quality assurance of silver products", enhancing "silver financial and security arrangements", and unleashing "silver productivity". In this connection, will the Government inform this Committee:

1. of the tentative number of meetings to be held by the Working Group on Promoting Silver Economy in 2025-26 and its concrete work plans;

2. as regards the five areas mentioned above, whether additional working or advisory sub-groups will be set up, with representatives from the relevant sectors as well as those of the elderly and their carers; and

3. given that elderly persons may resist the use of such services as e-commerce, e-payment and online banking because they are not well-versed in new technologies and worry about fraud, of the measures put in place by the Government to enhance the protection of the rights and interests of elderly consumers while encouraging them to increase the use of relevant services, which are more affordable and convenient?

Asked by: Hon TSE Wai-chuen, Tony (LegCo internal reference no.: 5)

Reply:

The requested information is set out below:

(1) Since its establishment in November 2024, the Working Group on Promoting Silver Economy (the Working Group) has convened three meetings, studying and reviewing measures in the areas of boosting "silver consumption", developing the "silver

industry", promoting "quality assurance of silver products", enhancing "silver financial and security arrangements" and unleashing "silver productivity". The Working Group will report work progress to the Chief Executive in early 2025-26, then brief the relevant Panel of the Legislative Council in good time and coordinate respective bureaux' implementation of various measures as soon as possible.

(2) The Working Group has been taking into consideration views of the Legislative Council, the business sector and different stakeholders, including the elderly and their caregivers, in the course of formulating relevant measures.

(3) Safeguarding the rights and interest of elderly consumers is an important aspect of boosting "silver consumption". The Consumer Council has set up an Advisory Group on Silver Economy to steer the work on protecting the interests of elderly consumers, and will enhance dissemination of information relating to "silver consumption" to help the elderly make informed choices in consumption. In addition, the Customs and Excise Department will continue to enforce the Trade Descriptions Ordinance (Cap. 362) through a three-pronged approach, which covers enforcement actions, compliance promotion, and publicity and public education, with a view to raising the awareness of "smart consumption" among elderly consumers.

In terms of enhancing "silver financial and security arrangements", the Hong Kong Monetary Authority and the banking sector will strengthen protection for customers (including the elderly) when using Internet or mobile banking services and encourage banks to offer elderly-friendly electronic banking services. The Government and regulators will also actively enhance the elderly's awareness of fraud prevention and knowledge of digital banking services through elderly investor education.

Moreover, the Digital Policy Office (DPO) promotes various digital inclusion measures under the "Smart Silver" programme to help elders understand and use digital technology products and services. These measures include outreach programme, mobile outreach service stations, regular and fixed-point training on digital technologies and technical support, enriched information and communication technology (ICT) training and a web-based learning portal, enabling them to use digital technologies (such as commonly used digital government services mobile applications, online shopping, electronic payments, and electronic food ordering, etc.) effectively and safely, and fully integrate into the digital society. In view of the increasing cases of internet-related scams, DPO also works closely with the Hong Kong Police Force and Hong Kong Computer Emergency Response Team Coordination Centre to produce learning kits for smart tips against scams to help the elders identify frauds and online pitfalls, and raise their awareness and knowledge of cyber security.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1965)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is reported that the latest loan default rate of the Special 100% Loan Guarantee under the SME Financing Guarantee Scheme (SFGS) has risen to 13.5%, showing an upward trend. In this connection, will the Government inform this Committee of the following:

1. With respect to the 80% Guarantee Product and the 90% Guarantee Product under the SFGS, what are the latest figures on the number of applications approved and the total amount involved?

2. Among the loan cases approved, what were the respective numbers of cases under the categories of "at the onset of default", "in default" and "in malicious default" in the past 2 financial years and their respective percentage shares in the total number of cases?

3. Regarding the "in malicious default" cases, how will the Secretary pursue the recovery of the loans by all means?

4. Among the default cases, how many bankruptcy petitions were filed with the Court? What was the recovery cost involved? And

5. What is the total amount of irrecoverable loans that need to be written off ultimately?

Asked by: Hon TSE Wai-chun, Paul (LegCo internal reference no.: 14)

Reply:

The cumulative application and default figures of the 80% and 90% guarantee products of the SME Financing Guarantee Scheme (SFGS) as at end February 2025 are as follows:

	80% Guarantee Product	90% Guarantee Product
Number of Applications Approved	27 802	15 447
Total Loan Amount of Approved Applications ($)	119.6 billion	27.5 billion
Number of Default Cases	2 105	903
Loan Guarantee Amount of Default Cases ($)	4.9 billion	1 billion

HKMC Insurance Limited (HKMCI), which is responsible for administering and managing the SFGS, has been working closely with lending institutions on properly handling default cases. In the event that a borrowing enterprise defaults on repayments, the lending institution will first discuss a feasible repayment plan with the borrowing enterprise, e.g. repaying only the interest or part of the principal during a transition period, so that the borrowing enterprise can continue its operation while making a debt restructuring arrangement as soon as possible, with a view to gradually resuming normal repayments.

If the lending institution and the borrowing enterprise could not reach agreement on the repayment or the latter refuses to cooperate, the lending institution will consider taking appropriate recovery/legal actions in accordance with its policy and prevailing commercial practice, including requesting the enterprise and guarantor to repay the loan, filing a petition for winding-up and/or bankruptcy with the court, etc. with a view to reducing the loss of the Government.

As at mid-February 2025, lending institutions have been taking recovery actions against around 90 default cases, and have already taken/are taking legal actions against around 1 330 cases (including cases where the relevant creditors have applied for liquidation/bankruptcy against the borrowing enterprises due to the latter's default on debts other than the 80% and 90% Guarantee Products). Insofar as the liquidation cases handled by lending institutions are concerned, the average legal fee of each legal proceeding related to liquidation is about $45,000.

As at end February 2025, the cumulative default rates of the 80%, 90% and Special 100% Guarantee Products under the SFGS were about 5.1%, 3.8% and 14% respectively, lower than the assumed overall default rates (12%, 16% and 25% respectively). The default rates are subject to change having regard to the overall economic environment and the operational situation of individual borrowing enterprises, etc. The Government and HKMCI will continue to monitor the situation closely.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB087

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3247)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Programme (2) Commerce and Industry, the revised expenditure for 2024-25 is more than 100% higher than the original estimate. What are the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 49)

Reply:

The 2024-25 revised estimate under Programme (2) Commerce and Industry is $7.6348 billion (130.9%) higher than the original estimate, with the increased provisions (about 98% and 2% respectively) allocated to the SME Financing Guarantee Scheme (SFGS) – Guarantee Products and the Incentive Scheme for Recurrent Exhibitions (ISRE) due to the expected increase in the cash flow requirement of these 2 schemes in 2024-25.

HKMC Insurance Limited (HKMCI) is responsible for administering and managing the SFGS. The Government needs to increase the estimated cash flow in 2024-25 to cater for the relevant expenses of the various guarantee products. These include payments of originating fee in respect of the Special 100% Guarantee Product to the participating lending institutions, payments to HKMCI to cover the administrative costs and the necessary out-of-pocket expenses arising from the existing and new applications as well as the default claim payments. The Government and HKMCI will continue to monitor the situation closely.

The actual cash flow of ISRE depends on such factors as the number of applications and incentive amount in the respective financial year. With the exhibition industry continuing to improve in 2024-25, the number of eligible applications received and the incentive amount involved under ISRE are higher than expected, thereby increasing its cash flow requirement.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB088

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0090)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie Wong)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The Government, together with business and professional services sectors, will further cultivate the Association of Southeast Asian Nations and Middle East markets, and explore opportunities in Central Asia, South Asia and North Africa.

What efforts will be made by the Government to further cultivate and tap into the markets in collaboration with the sectors? What is the specific plan? Will there be more activities such as visits and exhibitions? What is the estimated expenditure involved?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 2)

Reply:

The Government is committed to consolidating Hong Kong's role as the functional platform for the Belt and Road (B&R) Initiative and deepening the co-operation with B&R countries through various measures. We, together with businesses and professional services sectors, will further cultivate the Association of Southeast Asian Nations and Middle East markets, as well as exploring opportunities in Central Asia, South Asia, and North Africa.

The Government will continue to deepen the co-operation with B&R countries through a range of measures, including:

- Expanding economic and trade networks – The Government will continue to expand our economic and trade networks, with a view to facilitating Hong Kong enterprises and investors in expanding into the B&R markets and promoting the long-term economic development of Hong Kong. Currently, the Government has 16 offices/liaison units in the Mainland and 14 overseas Hong Kong Economic and Trade Offices (ETOs). Together with the offices of Invest Hong Kong (InvestHK) and the Hong Kong Trade Development Council (HKTDC) worldwide, Hong Kong has set up offices in 68 cities around the world, covering 129 countries. The Government is following up actively on the establishment of ETOs in Kuala Lumpur, Malaysia and Riyadh, Saudi Arabia. In addition, since the current-term Government took office, InvestHK has set up consultant offices in Nairobi, Kenya and Almaty, Kazakhstan in 2022, Cairo, Egypt in 2024, and Izmir, Türkiye in January this year to explore emerging markets in the regions. HKTDC has also set up a consultant office in Phnom Penh, Cambodia.

- Negotiating and signing bilateral agreements – Hong Kong has signed agreement on 9 Free Trade Agreements (FTAs) with 21 economies (including B&R economies) so far, and will continue to seek to enter into FTAs with other economies. Hong Kong has also signed 24 Investment Promotion and Protection Agreements (IPPAs) with 33 overseas economies (including B&R economies), and is negotiating IPPAs with Bangladesh and Saudi Arabia with a view to concluding the negotiations as soon as possible.

- Organising outbound missions – The Government will continue to organise outbound missions for business sector and professional services to B&R countries, and will also deepen collaborations and exchanges arising from co-operation along the Silk Road Economic Belt, so as to assist Hong Kong enterprises and professional services to further expand business opportunities and build up collaborative relationships with relevant local enterprises and organisations.

- Organising major events – The Belt and Road Office (BRO) has organised 10 exchange sessions since November 2023, inviting Consul Generals from B&R countries in Hong Kong, as well as representatives of professional bodies and enterprises, to share the opportunities and relevant experiences in B&R countries.

  In April 2024, BRO partnered with NEOM of Saudi Arabia to organise the "Discover NEOM Hong Kong" roadshow, which attracted around 1 100 participants, including enterprises, investors and professional representatives from the Mainland (including the Greater Bay Area) and Hong Kong. During the roadshow, BRO organised 2 business matching sessions, facilitating potential collaborations of around 40 Hong Kong and Mainland enterprises with NEOM.

  The B&R Summit (the Summit) is the flagship platform for Hong Kong to participate in and contribute to the B&R Initiative. The 9th Summit, held on 11-12 September 2024, attracted around 6 000 government officials, business leaders and representatives from enterprises from over 70 B&R countries and regions. The 10th Summit will be held in September 2025 and we will encourage different sectors to hold events around the Summit period for enhancing synergies.

  BRO organised the B&R Cross-professional Forum on 14 February 2025 to promote Hong Kong's professional services to deepen the sectors' collaboration with business communities of B&R countries and the Mainland. It also provided a platform for enterprises from the 3 sides to exchange views on collaboration projects in various areas such as multinational supply chain management and construction, with a view to jointly seizing new opportunities brought by the B&R. It attracted over 250 business participants from Hong Kong, the Mainland and B&R countries.

We will continue to maintain communication with relevant stakeholders, such as businesses and professional services sectors, to better assist them in exploring business opportunities along the B&R.

The expenditure for the above-mentioned measures have been subsumed under the overall estimate and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB089

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0091)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. Will the services of "E-Commerce Express" cover all issues relating to electronic commerce (e-commerce), such as platform selection, marketing, logistics arrangements and regulation and compliance? Will the Government consider further integration of the second edition of the Hong Kong Shopping Festival and the "E-Commerce Express", such as providing exclusive showcasing opportunities or resource allocation for small and medium enterprises participating in the "E-Commerce Express", with a view to assisting them in directly engaging with Mainland consumers in the programme and testing the market response?

2. What is the estimated expenditure for setting up the "E-Commerce Express"? What are the scale and estimated expenditure of the second edition of the Hong Kong Shopping Festival and the results intended to be achieved?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 3)

Reply:

The 2025-26 Budget announced that the Hong Kong Trade Development Council (HKTDC) will implement the "E-Commerce Express" ("電子商務快車") to strengthen support for small and medium enterprises (SMEs) to tap into the Mainland market and increase electronic commerce (e-commerce) sales. HKTDC has renamed the Chinese name of the service as "電子商務快綫". To address the pain points encountered by Hong Kong enterprises when developing cross-border e-commerce on the Mainland, HKTDC will, in collaboration with large-scale e-commerce or social media platforms, conduct a series of thematic training seminars and research sharing sessions to cover practical topics including the Mainland and overseas e-commerce market landscapes, legal compliance, operational strategies and features of both traditional and emerging online shopping platforms, how to establish fanbase, livestreaming production techniques, etc., with a view to providing more comprehensive support for SMEs interested in tapping into the e-commerce market.

One of the key activities to be supported by the "E-Commerce Express" will be the 2nd edition of the Hong Kong Shopping Festival (HKSF) scheduled for August 2025. The event aims at providing SMEs with practical experience in utilising e-commerce platforms to tap into the Mainland market. To deepen participating enterprises' understanding of the techniques in operating on Mainland e-commerce and online shopping platforms and assist them in promoting brand awareness, HKTDC will, under the "E-Commerce Express", provide one-on-one consultation services for HKSF participants. Marketing specialists will advise Hong Kong enterprises on appropriate e-commerce strategies based on their individual business needs and product features.

The 2nd edition of the HKSF will continue to bring together Hong Kong enterprises to offer discounts in Mainland online stores and arrange enterprises to conduct livestreaming promotion on Mainland e-commerce platforms. It is anticipated that the scale of the 2nd edition of the HKSF will be larger than that of the inaugural HKSF, including showcasing more brands and covering major consumer products, in particular food and health supplements which are popular among Mainland consumers, while at the same time featuring more promotional channels to help Hong Kong enterprises raise brand exposure and grasp the opportunities in the Mainland e-commerce market.

The manpower and expenditure of the Commerce and Economic Development Bureau and HKTDC for implementing the "E-Commerce Express" and organising the 2nd edition of the HKSF have been subsumed under the respective overall establishment and estimates, and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB090

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0092)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Budget that the application arrangements for the Dedicated Fund on Branding, Upgrading and Domestic Sales and the Export Marketing and Trade and Industrial Organisation Support Fund will be streamlined. In this connection, in what ways will the Government streamline the application arrangements and what are the specific details, so that the application procedures for the funds will be made simple and easy and the funding will reach the small and medium enterprises in full?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 4)

Reply:

To continue to support the development of local enterprises and help them go global, the 2025-26 Budget announced the injection of $1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and the Export Marketing and Trade and Industrial Organisation Support Fund (EMTSF) (which covers expenditures of the SME Export Marketing Fund (EMF) and the Trade and Industrial Organisation Support Fund). This injection will be shared equally between the 2 funds. Together with the injection of $1 billion into the BUD Fund announced in the 2024 Policy Address, the Government will inject in total $1.75 billion and $0.75 billion respectively into the BUD Fund and the EMTSF. This is a testament to the Government's unwavering commitment to supporting SMEs continuously despite the current fiscal conditions.

Supporting SMEs remains one of the Government's important policies, but we are also mindful of the fact that all support measures should be subject to constant review to ensure that they remain effective in the ever-changing economic environment. On the one hand, necessary support should be provided to SMEs in a timely, focussed and financially sustainable manner. On the other hand, we need to carefully utilise public funds to ensure that the Government could, within the limited resources available, effectively assist SMEs in enhancing competitiveness to tackle the uncertainties of the global economy and developing markets outside Hong Kong.

To this end, the Government has instituted several enhancement measures with respect to the BUD Fund on 14 March 2025. Firstly, each applicant enterprise can submit 1 "Easy BUD" application every 3 months, instead of 6 months. This will enable enterprises to obtain more timely funding support given the streamlined application and vetting arrangements under "Easy BUD". Besides, the funding scope of "Easy BUD" has been expanded to include establishment of online sales platform. Furthermore, to assist enterprises in coping with trade protectionism and geopolitical tensions, the BUD Fund also expressly provides funding support for professional fees associated with the establishment of new business entities.

To focus our limited resources to equip enterprises for upgrading and transformation, the Government will consolidate the EMF into the BUD Fund upon expiry of the former's special measure on 30 June 2026. This would attain synergy as the BUD Fund could also fund promotional activities, often in the context of upgrading and transformation. At the same time, to ensure financial sustainability of the two funding schemes, the Government has instituted measures on 14 March 2025 such that the BUD Fund and the EMF will be utilised in the most productive manner. These will involve adjustments to the funding ceiling, matching ratio, and rationalisation of other parameters of the BUD Fund and the EMF, as detailed at the **Annex**.

- End -

<u>Annex</u>

SME Funding Schemes

Measures for rationalisation of operation and ensuring financial sustainability

<u>Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)</u>

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. Audit fees will also be subject to the matching ratio of 1:3.

(2) Adjusting the initial payment from 75% to 20% of the approved Government funding.

(3) Adjusting the funding ceiling for each approved General and "E-commerce Easy" project from $1,000,000 to $800,000, and limiting the total approved Government funding for an applicant to not exceeding $800,000 at any one time.

(4) Limiting the number of general and "E-commerce Easy" applications that can be submitted by each enterprise to 1 in every 3 months, in line with Easy BUD. Applicants should have fulfilled their obligations for completed projects before their new applications are processed. Batch processing will be adopted for general and E-commerce Easy applications.

(5) Adjustments to fundable items (viz. scope of fundable items under setting up of a new business entity, recruitment of additional manpower, and duration of management fees for placement of advertisements and establishment of online sales platforms).

<u>SME Export Marketing Fund (EMF)</u>

(1) Adjusting the matching ratio from 1 (Government):1 (Enterprise) to 1:3 of the total approved expenditure. There is no change to the funding ceiling per application, $100,000.

(2) Adjusting the initial payment from 75% to 20% of the approved government funding.

(3) Upholding additional requirements on selected expenditure items eligible for the EMF with a view to controlling the maximum amount of funding, including the funding ceiling, validity period of activities, restrictions on the number of repeated applications of a similar nature on certain activities, etc.

Reply Serial No.

CEDB091

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0111)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (6) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Hong Kong Trade Development Council (HKTDC) launched a sourcing platform in 2000, which is one of the earlier B2B online procurement platforms in the world. For each of the past 5 years, what was the annual total expenditure for the operation of the platform? Please also provide a breakdown of the expenditure (e.g. the annual expenditure on human resources for maintaining the platform, the marketing expenses made by the platform for acquiring new customers, etc.).

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 23)

Reply:

The Hong Kong Trade Development Council (HKTDC) has been assisting buyers and suppliers in networking and expanding businesses through its hktdc.com Sourcing platform. Leveraging artificial intelligence and machine learning technology, the hktdc.com Sourcing platform collects information on buyers' sourcing demands and connects suppliers and buyers from different regions and countries so as to provide personalised sourcing experience for buyers. Also, the hktdc.com Sourcing platform assists exhibitors and buyers in continuing the connections with business partners and target customers after physical exhibitions. The manpower and expenditure for the aforementioned work have been subsumed under HKTDC's overall establishment and estimate and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB092

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0112)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(6) Subvention: Hong Kong Trade Development Council
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

1. What are the business expansion plans for the "hktdc.com Sourcing" platform in the coming year (e.g. whether there is any plan to increase the number of suppliers on the platform, in particular the number of suppliers related to the professional services category)? What is the overall budget to be allocated to the platform?

2. For each of the past 5 years, what were the total number of transactions made on the "hktdc.com Sourcing" platform and the total amount involved? If there were transactions made on the platform which were related to the professional services category, what were the respective numbers and amounts of transactions?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 24)

Reply:

The Hong Kong Trade Development Council (HKTDC) has been assisting buyers and suppliers in networking and expanding businesses through its hktdc.com Sourcing platform. In view of the market demands and technological development, HKTDC has been improving the hktdc.com Sourcing platform in multiple ways, which include introducing thematic promotion events to promote selected products and special suppliers; organising regular online training courses to assist suppliers in using the platform's functions flexibly and formulating effective online sales strategies; and using artificial intelligence generation technology, image recognition technology and large language models to enhance the search function of the platform. The expenditure for the above work has been subsumed under HKTDC's overall estimate and cannot be quantified separately. In addition, platform users have not provided HKTDC with such commercial information as the number of transactions and amounts involved, and thus HKTDC does not have the relevant statistics.

- End -

CEDB093

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0113)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(6) Subvention: Hong Kong Trade Development Council
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

According to the Estimates, the number of advertisers of the trade portal (hktdc.com) increased from 22 776 in 2023 to 28 387 in 2024, but the number is estimated to decrease to 27 000 in 2025. What are the reasons for the increase of advertisers in the years 2023 and 2024 and the Government's estimation of a decrease of advertisers in 2025?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 25)

Reply:

The Hong Kong Trade Development Council (HKTDC) has been assisting buyers and suppliers in networking and expanding businesses through its hktdc.com Sourcing platform. The number of advertisers of the hktdc.com Sourcing platform is affected by such factors as the development of the global economy, the business environment faced by merchants and their intention to procure. HKTDC will closely monitor the market development and adjust its strategies in a timely manner in face of the challenges.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB094

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0532)

Head:	(152) Government Secretariat: Commerce and Economic Development Bureau
Subhead (No. & title):	(-) -
Programme:	(2) Commerce and Industry
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

It is mentioned in the Budget that, to expand trade network and attract more inward investment and enterprises from the Global South markets to Hong Kong, the Government is following up actively with the governments of Malaysia and Saudi Arabia on the establishment of Economic and Trade Offices in these two countries; Invest Hong Kong has established consultant offices in Cairo, Egypt and Izmir, Türkiye; and the Hong Kong Trade Development Council has also set up a consultant office in Cambodia.

In this connection, please inform this Committee of: the additional annual expenditure involved for the 3 newly established consultant offices; whether the Government will reduce the number of out-stationed staff as far as possible and increase the proportion of local staff in the offices in overseas regions with mature operations so as to reduce the operational expenses; and whether the Government will set up offices in Peru to enhance the services in Latin America, given the signing of the free trade agreement between Hong Kong and Peru last year.

Asked by: Hon YIM Kong (LegCo internal reference no.: 18)

Reply:

The international trade landscape is in a constant state of flux. In addition to maintaining ties with traditional markets, the Hong Kong Special Administrative Region (HKSAR) Government has been expanding Hong Kong's economic and trade network, strengthening ties with economies with potential especially emerging markets, thereby assisting Hong Kong enterprises in exploring new business opportunities.

At present, the HKSAR Government has established a total of 14 overseas Economic and Trade Offices (ETOs). Together with the offices of the Hong Kong Trade Development Council (HKTDC) and Invest Hong Kong (InvestHK) worldwide, Hong Kong has offices in

68 cities around the world, with services covering 129 countries, including emerging markets such as South America etc. While ETOs, InvestHK (including the Dedicated Teams for Attracting Businesses and Talents and consultant offices) and HKTDC perform their respective duties, they work in synergy to jointly promote bilateral economic and trade relations between Hong Kong and overseas economies.

As mentioned in the 2025-26 Budget, we are following up actively with the governments of Malaysia and Saudi Arabia respectively on our plans to establish ETOs in these 2 countries. As part of the initiative to expand the economic and trade network of Hong Kong, the HKSAR Government will continue to consider the needs and benefits of establishing ETOs and consultant offices taking into account the actual circumstances in deciding on the type(s) of office to be established.

The relevant expenditures of the offices of InvestHK and HKTDC have been subsumed into their respective overall estimates and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB095

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1492)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

On promoting the "Belt and Road (B&R)" Initiative and exploring the Middle East market, will the Government inform this Committee of the following:

1. Please provide the current manpower, establishments, salary expenditures by rank and total salary expenditures of the B&R Office;

2. Please tabulate the numbers of visits made in each of the past 5 years and the estimated numbers of visits to be made in 2025-26 by the B&R Office to each of the B&R countries, with the destinations and visit programmes, the sizes of the delegations, the lists of institutions met and the relevant expenditures (including details of expenditures on air tickets, hotels, etc.).

Asked by: Hon YUNG Hoi-yan (LegCo internal reference no.: 23)

Reply:

As at 28 February 2025, the staff establishment of the Belt and Road Office (BRO) was 19, the strength was 17 and the salary expenditure (revised estimate for 2024-25) was about \$18.12 million. The establishment of the 19 posts included the Commissioner for Belt and Road (CBR) (Directorate Pay Scale (DPS) Point 6), 1 Administrative Officer Staff Grade B (DPS Point 3), 2 Senior Administrative Officers (Master Pay Scale (MPS) Point 45 to 49), 5 Trade Officers/Senior Executive Officer/Senior Information Officer (MPS Point 34 to 44), 3 Executive Officer I/Assistant Trade Officers II (MPS Point 14 to 33) and 7 officers of Clerical and Secretarial Grades/Motor Driver (MPS Point 3 to 27).

In 2020-21 and 2021-22, owing to the epidemic, BRO was unable to organise delegations for outbound visits. Nevertheless, BRO adopted an online format to actively promote Hong Kong's participation in the Belt and Road (B&R) Initiative and explore opportunities in the B&R markets, including organising the 5th and 6th Summit in virtual mode; organising the 7th Summit in hybrid mode; as well as conducting a total of 10 webinars to explore opportunities in the Association of Southeast Asian Nations and the Middle East regions, etc.

In 2022-23, 2023-24 and 2024-25, BRO organised 1, 2 and 3 delegations to B&R countries and the Mainland respectively, details as follows:

Date	Places Visited	Event Details	Number of Delegates
2022-23			
4-11 February 2023	Saudi Arabia and United Arab Emirates (UAE)	The Chief Executive (CE) led a high-level delegation with more than 30 representatives (including Secretary for Commerce and Economic Development (SCED) and CBR) from various sectors to visit Saudi Arabia and the UAE to meet with local political and business leaders, visit local enterprises, and attend forums and exchange activities to promote Hong Kong's unique advantages.	About 30
2023-24			
16-19 October 2023	Mainland (Beijing)	The CE led a close to 70-strong Hong Kong Special Administrative Region (HKSAR) delegation (including SCED and CBR) to fully and actively participate in the 3rd B&R Forum for International Cooperation. The delegation attended sessions of all the 10 events of the Forum, with the CE and 15 members being invited to speak at the events or to host panel discussions. The Forum featured a dedicated Hong Kong Chapter in the thematic forum on sub-national co-operation to share with guests from various places Hong Kong's achievement and contribution in such areas as international economic, trade and social development, as well as the unique role of Hong Kong as the functional platform for the B&R Initiative.	Close to 70
4-5 December 2023	Mainland (Shenzhen and Guangzhou)	SCED led a business delegation with a total of 20 representatives from 15 enterprises of B&R countries operating in Hong Kong to visit the Greater Bay Area (GBA) to meet	About 20

Date	Places Visited	Event Details	Number of Delegates
		with Mainland enterprises as well as to exchange with local government agencies or relevant organisations. Members of the delegation include CBR. This mission integrated the 2 important national development strategies of the B&R Initiative and the GBA development, with the aim of promoting Hong Kong as the service base for entry into the Mainland market, thereby fully demonstrating Hong Kong's distinctive role in connecting the Mainland and the rest of the world.	
2024-25			
16-25 May 2024	Hungary, Kazakhstan and Mainland (Khorgos, Kokdala and Urumqi)	BRO and the Ministry of Commerce co-led a Mainland cum Hong Kong business mission to visit Hungary and Kazakhstan, and returned via Xinjiang, to visit local enterprises participating in "going global" under the B&R Initiative and meet with local government officials and representatives of local businesses. The mission centred on "promoting green development" and "advancing scientific and technological innovation" among the eight major steps our country has been taking to support the joint pursuit of high-quality B&R development. It aimed to encourage Hong Kong and Mainland enterprises as well as Hong Kong's professional services in jointly exploring the B&R markets and seeking collaboration opportunities with the relevant B&R countries.	About 70
25-27 November 2024	Mainland (Guangzhou, Foshan, Dongguan, Huizhou and Shenzhen)	The CE led a delegation of HKSAR Government and senior representatives of the business sectors (including SCED and CBR) to visit Mainland cities of the GBA, with a view to further promoting the co-operation between the HKSAR and the Guangdong Province and various GBA cities in business, trade	About 80

Date	Places Visited	Event Details	Number of Delegates
		and different industries. The delegation attended the Guangdong-Hong Kong Deepening Economic, Trade and Investment Cooperation Conference co-organised by the People's Government of Guangdong Province and the HKSAR Government. Representatives from multiple Hong Kong, foreign and Guangdong enterprises gave thematic presentations at the conference.	
4-6 December 2024	Mainland (Urumqi)	SCED led a business delegation (including CBR) to visit Urumqi to promote Hong Kong's business opportunities, and met with government officials of the Xinjiang Uyghur Autonomous Region and Kazakhstan to exchange views on promoting economic and trade co-operation among the 3 places, with a view to jointly exploring the full range of opportunities arising from the B&R Initiative. The delegation attended a co-operation and exchange forum between China (Xinjiang, Hong Kong) and Kazakhstan to promote Hong Kong's advantages and participated in sharing sessions focusing on various areas including cultural exchanges, energy industries, digital economy, commerce and logistics and finance, with a view to promoting economic and trade co-operation and people-to-people exchanges among the 3 places. The delegation also visited local enterprises to gain an understanding of the development of the related industries.	Over 10

In addition to the above-mentioned outbound missions, BRO participated in other outbound missions of the Government, including:

- The CE led a delegation (including SCED and CBR) to visit Laos, Cambodia and Vietnam on 28 July to 2 August 2024, during which a total of 55 memoranda of understanding and agreements were signed and 5 results were achieved, including strengthening government-to-government relations and communications; reaching consensus on areas of development and co-operation; consolidating and expanding business networks, injecting new impetus to open up new horizons and opportunities; enhancing a shared strong will to jointly promote the B&R Initiative; and reaffirming the three countries' continuous support for Hong Kong's accession to the Regional Comprehensive Economic Partnership; and

- the Financial Secretary (FS) led a delegation (including CBR) to Saudi Arabia on 28-31 October 2024 and participated in the 8th Future Investment Initiative Conference to strengthen and deepen connections between Hong Kong and the Middle East in trade, finance, and innovation and technology. FS delivered a speech in the themed session titled "Where is the New Silk Road?" and CBR also spoke on the panel during the session.

In 2025-26, BRO will continue to organise outbound missions for business sector and professional services to B&R countries, and will also deepen collaborations and exchanges arising from co-operation along the Silk Road Economic Belt, so as to assist Hong Kong enterprises and professional services to further expand business opportunities and build up collaborative relationships with relevant local enterprises and organisations.

The expenditure for outbound visits has been subsumed under the overall estimate and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB096

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1504)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (3) Telecommunications

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the promotion of the development of Low Earth Orbit (LEO) satellites to enhance mobile communications, will the Government inform this Committee of:

1. the number of licence applications for operating LEO satellites received and approved, as well as and the average time taken to process an application in each of the past 5 years;

2. the Government's expected timetable for completing the study on streamlining the licence applications for operating LEO satellites, as well as the anticipated increase in the number of applications and the time shortened for vetting such applications upon completion of the study;

3. the number of complaints received on mobile communications services in each of the past 5 years; and

4. the number, content and effectiveness of the projects carried out to enhance spectrum supply and expand network coverage as well as the relevant expenditure involved in each of the past 5 years.

Asked by: Hon YUNG Hoi-yan (LegCo internal reference no.: 15)

Reply:

Low Earth Orbit (LEO) satellites are the new trend in satellite development globally. Compared with traditional satellites (i.e. geostationary orbit satellites), LEO satellites are less costly and have the characteristics of low latency and high transmission rates. They are widely applicable in domains such as telecommunications, remote monitoring, navigation, tracking, satellite Internet access, etc., providing services in the areas of transport and logistics, and smart city. According to the existing statutory requirements in Hong Kong, satellite operators need to obtain the Outer Space Licence issued by the Chief Executive (CE) under the Outer Space Ordinance (Cap. 523) and the Space Station Carrier Licence issued by the Communications Authority (CA) under the Telecommunications Ordinance (Cap. 106) (TO) for each satellite operated in Hong Kong (regardless of whether the satellite is launched in Hong Kong).

Since LEO satellites are operated in a constellation that may include tens or hundreds of LEO satellites, operators are required to apply for the corresponding number of Outer Space Licences and Space Station Carrier Licences in accordance with the number of satellites under the current licensing regime. To enhance Hong Kong's attractiveness and competitiveness in the development of LEO satellites, the CE announced in the 2024 Policy Address and the Financial Secretary announced in the 2025-26 Budget that the Government will conduct a study on streamlining the vetting procedures of licence applications for operating LEO satellites, with an aim to completing the relevant study within 2025.

CA has not received any licence application for LEO satellites in the past 5 years. The Government expects that the streamlined satellite licensing regime will attract satellite operators to operate LEO satellites in Hong Kong, which will in turn attract investment from relevant enterprises and promote innovative technology and high-quality industry development. At the same time, it will also provide relevant training and employment opportunities to attract more talents in satellite network operation to develop in Hong Kong, thereby consolidating Hong Kong's position as a regional telecommunications hub.

In the past 5 years, CA received the following number of consumer complaints about mobile communications services each year:

Year	**Number of cases**
2020	725
2021	670
2022	669
2023	1 081
2024	1 075

Note: The nature of complaints about mobile communications services include the quality of customer service, billing disputes, service quality, contract disputes and disputes on service termination, etc.

To enhance mobile network coverage and capacity, the Government has implemented a series of measures in the past 5 years, including:

- To ensure adequate supply of spectrum, during 2019 to September 2024, CA has assigned a total of 3 330 MHz of spectrum that can be used for the development of 5G communications services. The Government also conducted 2 spectrum auctions in November 2024, providing a total of 510 MHz of spectrum;

- To enhance network coverage in rural areas, the Government launched the "Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas" in 2018 with a provision of $774.4 million, which aims to subsidise fixed network operators to extend fibre-based networks to 235 villages in remote areas by 2026, benefiting about 110 000 villagers. So far, the subsidy scheme has already extended fibre-based networks in more than 210 villages. In addition, the Government plans to implement the "Subsidy Scheme to Extend 5G Coverage in Rural and Remote Areas" to provide subsidies to mobile network operators (MNOs) for installation of radio base stations (RBS) at approximately 50 different sites in Hong Kong, and the total amount involved is about \$154 million. We anticipate that upon the commissioning of all relevant RBS, the mobile network coverage of country parks will be enhanced to at least 90%, while coverage along major government hiking trails will exceed 98%. It is preliminarily estimated that approximately 70 villages located in the vicinity of the proposed RBS, involving about 20 000 villagers, will be benefited. The Government will seek funding approval from the Legislative Council in accordance with the established mechanism, and will launch the scheme as soon as possible within the 2025-26 fiscal year upon relevant funding approval; and

- On encouraging telecommunications investment and facilitating the installation of RBS, the Government introduced amendments to the Inland Revenue Ordinance (Cap. 112) and the TO in 2024, so that MNOs can enjoy full tax deductions for spectrum utilisation fees payable on radio spectrum to be acquired and MNOs are allowed to access the reserved space in specified buildings with building plans approved on or after 1 April 2025 to install and maintain mobile communications facilities respectively. These will help encourage MNOs to invest in mobile communications services and further expand mobile networks. The Government has also introduced other facilitation measures for installation of RBS by MNOs, including facilitating MNOs in installing RBSs at government premises through a streamlined application procedure, reserving space and loading capacity on multi-functional smart lampposts in various districts for installation of RBS by MNOs and actively coordinating 5G network capacity expansion at major public event venues, etc. The relevant expenditure is funded by the Office of the Communications Authority Trading Fund.

- End -

CEDB097

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2999)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau

Subhead (No. & title): (-) -

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It was announced in the 2023 Policy Address and the 2024-25 Budget Speech that the concessionary tax rate for the "patent box" tax incentive has been proposed to be set at 5%, which is lower than the prevailing normal profits tax rate of 16.5% in Hong Kong. It is mentioned in the 2025-26 Budget Speech that the Government will review the relevant tax deduction arrangements. Please inform this Committee:

1. whether the Government will formulate clear standards or guideline(s) to ensure that enterprises have a thorough understanding of the new tax deduction arrangements as well as the procedures and eligibility for electing for the concessionary tax rate as announced?

2. regarding the purchase of IP or the rights to use IP from associates, how will the Government establish the definition of "associate" to avoid giving rise to any taxation loophole or abuse?

3. will the Government consider setting up a dedicated platform to assist enterprises in IP trading and management, so as to further promote the development of Hong Kong into an international IP trading hub?

Asked by: Hon ZHANG Xinyu, Gary (LegCo internal reference no.: 37)

Reply:

Having consulted the Financial Services and the Treasury Bureau, our consolidated reply is as follows:

For the "patent box" tax incentive that has already been implemented, in order to help enterprises clearly understand the relevant incentive, the Inland Revenue Department (IRD) has issued detailed guidelines on its website to explain the relevant application conditions and how to calculate the assessable profits applicable to the preferential tax rate. The IRD has also prepared a special declaration form to facilitate enterprises to apply for the relevant preferential treatment. If there are any measures to optimise the intellectual property (IP)-related tax deduction arrangements in the future, the IRD will similarly assist enterprises in understanding and applying for the relevant deductions.

The existing Inland Revenue Ordinance has anti-abuse measures against the deductions of expenses for purchasing IP rights from associates. The definition of "associate" is very broad, covering the taxpayer's relatives, partners, associated corporations, directors, key employees and controllers, etc. The Government will carefully review the relevant tax arrangements to strike a balance between providing competitive deductions and avoiding abuse.

The Hong Kong Trade and Development Council (HKTDC) has launched the Asia IP Exchange (AsiaIPEX) (https://www.asiaipex.com/Home/Index_EN), a free online portal, and formed strategic partnerships with different organisations, including over 35 local research and development (R&D) centres and technology transfer units of universities as well as organisations worldwide. Over 28 000 tradable IP listings are available at the AsiaIPEX currently. The HKTDC is enhancing the AsiaIPEX with a view to facilitating more local and non-local cultural and creative products to register on the AsiaIPEX, thereby fostering cross-sectoral exchange, collaboration and business matching, and promoting transaction and transformation of cultural IP. In addition, the Innovation and Technology Commission has launched the Innovation Hub@HK website (https://www.innovationhub.hk/), showcasing R&D outcomes of Hong Kong's public research institutes to facilitate commercialisation and technology transfer to the industry.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB098

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3131)

Head:	(96) Government Secretariat: Overseas Economic and Trade Offices
Subhead (No. & title):	(000) Operational expenses
Programme:	(1) Commercial Relations
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The provision under Programme (1) for 2025-26 is 35.4% higher than the revised estimate for 2024-25 due to the need to support the provision for the new Economic and Trade Offices (ETOs) under planning and the salary provision for filling vacancies and staff changes. Please provide, in respect of the new ETOs, information on their locations as well as the manpower and estimated expenditures involved.

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 19)

Reply:

As mentioned in the 2025-26 Budget, we are following up actively with the governments of Malaysia and Saudi Arabia respectively on our plans to establish Economic and Trade Offices (ETOs) in these 2 countries. As always, we will duly take into consideration the scope of duties, country coverage and operational needs in working out the estimated expenditure and staff establishment for the new ETOs. Generally speaking, ETOs comprise 5 Hong Kong-based officers and 12 locally-engaged staff having regard to operational needs, with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the existing ETOs.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB099

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1309)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

During 2025-26, one of the responsibilities of the overseas Economic and Trade Offices (ETOs) is to step up efforts in attracting overseas companies, especially strategic enterprises, to set up and expand their operations in Hong Kong and access business opportunities on the Mainland and elsewhere in Asia. In this connection, will the Government inform this Committee of the following:

1. Please specify the publicity campaigns launched, expenditures and staff establishment involved in promoting Hong Kong by each overseas ETO during 2024-25 with a detailed breakdown;

2. Has the Government assessed the effectiveness of the publicity campaigns and formulated improvement measures accordingly? If yes, what are the details? If no, what are the reasons?

3. The Dubai ETO strengthened the staffing of its Dedicated Team for Attracting Businesses and Talents (the Team) in April 2023 to step up investment promotion efforts in the Middle East. Please specify with a detailed breakdown: (i) the investment promotion activities carried out by the Team in the past year; (ii) the countries and regions covered; and (iii) the expenditure incurred by each activity.

Asked by: Hon IP LAU Suk-yee, Regina (LegCo internal reference no.: 34)

Reply:

As the official overseas representatives of the Hong Kong Special Administrative Region (HKSAR) Government, the 14 overseas Hong Kong Economic and Trade Offices (ETOs) are committed to maintaining close communication and contact with overseas interlocutors from different sectors and the international community, promoting and explaining the HKSAR Government's important policies and Hong Kong's unique advantages under "One Country, Two Systems", especially the vast opportunities provided by the Belt and Road Initiative as well as the Guangdong-Hong Kong-Macao Greater Bay Area development.

In addition to regularly providing stakeholders in countries and regions under their purview (including think tanks, academic institutions and business organisations) with the latest information on Hong Kong through newsletters and social media, the ETOs maintain close liaison with them to assess the impact of local development on Hong Kong, meet with the media and take the initiative to publish articles to rebut biased reports so as to set the record straight.

In 2024, the ETOs organised a total of 921 public relations and cultural functions/events held virtually or physically to promote Hong Kong. The following are some examples of the activities to attract overseas enterprises to set up and expand their businesses in Hong Kong for reference.

In 2024-25, through the coordination and arrangement of the Bangkok and Singapore ETOs, the Chief Executive (CE) visited 3 countries of the Association of Southeast Asian Nations (namely Laos, Cambodia and Vietnam) in July, during which general consensus had been reached on areas of development and extensive co-operation and a total of 55 memoranda of understanding and agreements had been signed, covering such areas as trade and economic partnership, investment, customs collaboration, logistics, cultural exchanges, tourism promotion, technological co-operation, aviation services, etc. The Secretary for Justice visited Saudi Arabia and the United Arab Emirates (UAE) in May; Vietnam, Malaysia and Brunei Darussalam in September; and Singapore in October to promote Hong Kong's legal and dispute resolution services, with a view to creating more opportunities for the industry and consolidating Hong Kong's position as the centre for international legal and dispute resolution services in the Asia-Pacific region. The ETOs endeavored to actively assist in coordinating the visit programmes and/or providing related support for the duty visits of CE and principal officials. In addition, in June, the Toronto ETO and Invest Hong Kong (InvestHK) jointly participated in "Collision 2024", the large-scale I&T conference in Toronto, during which the ETO invited the Hong Kong Monetary Authority, Hong Kong's venture capital experts and local I&T organisations to organise large-scale seminars, master-class workshops and panel exchanges to promote Hong Kong's latest advantages in fintech, Web3, virtual assets, etc., and introduced related measures to attract businesses and talents. In September, the San Francisco ETO co-organised an innovation tech mixer with the Hong Kong Trade Development Council and the Hong Kong Association of Northern California to provide opportunities for 5 Hong Kong start-ups supported by the Hong Kong Science & Technology Parks Corporation for acceleration in Silicon Valley and networking with start-up founders and investors in the San Francisco Bay Area, and to promote Hong Kong's start-up ecosystem.

For the 2024-25 revised estimate, the staff establishment and total operational expenses of the 14 ETOs are as follows:

ETO	2024-25 (Revised Estimate)	
	Staff establishment (number of posts)	**Total operational expenses** Note **($ million)**
Bangkok	17	27.2
Berlin	17	30.3
Brussels	17	41.6
Dubai	17	33.1
Geneva	15	44.6
Jakarta	14	22.8
London	19	36.9
New York	14	33.2
San Francisco	16	31.7
Singapore	11	25.1
Sydney	13	27.1
Tokyo	14	30.1
Toronto	11	20.8
Washington	18	39.6

Note: Total operational expenses include personal emoluments, personnel related expenses, departmental expenses and other charges.

As promoting Hong Kong is a part of the overall work of the ETOs, the expenditure and manpower involved cannot be quantified separately.

We have already set various indicators for evaluating the performance of ETOs' services, which cover the 3 Programmes, namely "Commercial Relations", "Public Relations" and "Investment Promotion". Besides, in 2024, the ETOs successfully achieved the key performance indicators included in the 2022 Policy Address, with an increase of at least 20% compared to 2022 in the numbers of (i) visits to Governments and organisations of countries and regions under the ETOs' respective purview, (ii) attending speaking occasions, (iii) conducting media interviews or briefings, and (iv) staging forums, exhibitions, seminars and promotional activities. Moreover, after organising, co-organising or participating in the promotional activities, the ETOs will also evaluate the effectiveness of the activities by assessing the number of participants, their response or comments on the activities and the media reports, etc., and formulate relevant improvement measures when necessary.

To reinforce investment promotion efforts in the Middle East, the manpower for the Dedicated Team for Attracting Businesses and Talents (Dedicated Team) of the Dubai ETO was strengthened in April 2023 to reach out to potential investors from the member states of the Cooperation Council for the Arab States of the Gulf (namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE). In the past year, the Dedicated Team attended, supported and organised various investment promotion activities, including conferences, investment promotion visits, forums and seminars, etc. in various Middle East countries or cities, such as Doha in Qatar; Riyadh in Saudi Arabia; Bahrain; Dubai and Abu Dhabi in the UAE, to introduce the latest developments of Hong Kong and promote Hong Kong as an ideal investment destination in Asia, so as to attract companies from the Middle East to set up or expand businesses in Hong Kong.

As the above investment promotion work in the Middle East is a part of the regular work of InvestHK and the Dubai ETO, the expenditures have been subsumed into their respective overall estimates and cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB100

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2918)

Head:	(96) Government Secretariat: Overseas Economic and Trade Offices
Subhead (No. & title):	(-) -
Programme:	(-) -
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

As stated under Matters Requiring Special Attention in 2025-26 of Programme (2), the Commerce and Economic Development Bureau will continue to strengthen the policy work related to the overseas Economic and Trade Offices (ETOs), including enhancing their functions and expanding the ETO network. In this connection, will the Government inform this Committee of:

1) the staff establishment, vacancies, and total expenditure of each ETO for the past 5 years (2020-21 to 2024-25) in tabular form;

2) the staff establishment and estimated expenditure of each ETO in 2025-26;

3) the work details of each ETO in the past year by area of work in tabular form?

4) It is mentioned in paragraph 109 of the Budget Speech that the Government is actively following up with the governments of Malaysia and Saudi Arabia on the establishment of ETOs in their two countries. What are the current progress, staff establishments and estimated expenditures?

5) Has the Authority reviewed the current "Global South" economic and trade network layout of Hong Kong, including the situation of signing free trade agreements with the relevant countries)? If yes, what are the details; if no, why not?

6) What plans does the Authority have to encourage businesses and investors from the "Global South" to invest in Hong Kong? What are the staff establishment and estimated expenditure involved?

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 2)

Reply:

The staff establishment and total operational expenses of the 14 existing overseas Hong Kong economic and trade offices (ETOs) for the past 5 financial years and 2025-26 are tabulated as follows:

ETO	2020-21		2021-22		2022-23	
	Staff establishment (number of posts)	**Total operational expenses** Note 1 **($ million)**	**Staff establishment (number of posts)**	**Total operational expenses** Note 1 **($ million)**	**Staff establishment (number of posts)**	**Total operational expenses** Note 1 **($ million)**
Bangkok	17	22.2	17	26.3	17	27.2
Berlin	17	25.4	17	25.6	17	31.7
Brussels	18	29.4	18	31.5	18	40.5
Dubai Note 2	-	-	17	22.7	17	25.0
Geneva	15	32.2	15	36.5	15	36.0
Jakarta	14	13.9	14	16.7	14	23.4
London	18	30.6	18	33.5	18	37.3
New York	14	26.4	14	28.5	14	45.3
San Francisco	16	28.1	16	26.0	16	31.1
Singapore	11	20.1	11	23.5	11	26.8
Sydney	13	24.8	13	26.4	13	29.9
Tokyo	14	28.0	14	29.7	14	37.9
Toronto	11	16.2	11	17.2	11	19.7
Washington	18	29.1	18	27.6	18	28.6

ETO	2023-24		2024-25 (Revised Estimate)		2025-26 (Estimate)	
	Staff establishment (number of posts)	**Total operational expenses** Note 1 **($ million)**	**Staff establishment (number of posts)**	**Total operational expenses** Note 1 **($ million)**	**Staff establishment (number of posts)**	**Total operational expenses** Note 1 **($ million)**
Bangkok	17	26.7	17	27.2	17	32.3
Berlin	17	29.4	17	30.3	17	33.8
Brussels	17	40.8	17	41.6	17	48.9
Dubai	17	25.4	17	33.1	17	38.4
Geneva	15	38.8	15	44.6	15	52.4
Jakarta	14	25.5	14	22.8	14	25.8
London	19	38.4	19	36.9	19	42.1
New York	14	36.8	14	33.2	14	36.8
San Francisco	16	31.2	16	31.7	16	35.7
Singapore	11	23.0	11	25.1	11	28.3
Sydney	13	26.9	13	27.1	13	30.0
Tokyo	14	27.2	14	30.1	14	33.3

ETO	2023-24		2024-25 (Revised Estimate)		2025-26 (Estimate)	
	Staff establishment (number of posts)	**Total operational expenses** Note 1 **($ million)**	**Staff establishment (number of posts)**	**Total operational expenses** Note 1 **($ million)**	**Staff establishment (number of posts)**	**Total operational expenses** Note 1 **($ million)**
Toronto	11	17.6	11	20.8	11	22.9
Washington	18	25.1	18	39.6	18	43.6

Note 1: Total operational expenses include personal emoluments, personnel related expenses, departmental expenses and other charges.

Note 2: The Dubai ETO commenced operation on 28 October 2021.

As of 28 February 2025, the 14 ETOs had a staff establishment of 213 posts, comprising 61 Hong Kong-based officer posts and 152 locally-engaged staff post. The actual total number of staff was 193, with 20 vacancies. We anticipate that the staff establishment for the 14 ETOs will remain unchanged in 2025-26.

Detailed information on the work of the 14 ETOs over the past year can be found in the information paper submitted to the Panel on Commerce, Industry, Innovation and Technology of the Legislative Council in November 2024 (LC Paper No. CB(2)1428/2024(02)). For example, in 2024, the ETOs organised a total of 921 public relations and cultural functions/events held virtually or physically to promote Hong Kong. For activities to attract overseas enterprises and investors (including those from the "Global South") to set up and expand their businesses in Hong Kong, examples include the Chief Executive (CE)'s visit to 3 countries of the Association of Southeast Asian Nations (ASEAN) (namely Laos, Cambodia and Vietnam) in July, which was co-ordinated and arranged by the Bangkok and Singapore ETOs. During the visit, general consensus had been reached on areas of development and extensive co-operation and a total of 55 memoranda of understanding and agreements had been signed, covering such areas as trade and economic partnership, investment, customs collaboration, logistics, cultural exchanges, tourism promotion, technological co-operation, aviation services, etc. The Secretary for Justice visited Saudi Arabia and the United Arab Emirates (UAE) in May; Vietnam, Malaysia and Brunei Darussalam in September; and Singapore in October to promote Hong Kong's legal and dispute resolution services, with a view to creating more opportunities for the industry and consolidating Hong Kong's position as the centre for international legal and dispute resolution services in the Asia-Pacific region. The ETOs endeavoured to actively assist in coordinating the visit programmes and/or providing related support for the duty visits of CE and principal officials. In addition, in June, the Toronto ETO and Invest Hong Kong (InvestHK) jointly participated in "Collision 2024", the large-scale I&T conference in Toronto, during which the ETO invited the Hong Kong Monetary Authority, Hong Kong's venture capital experts and local I&T organisations to organise large-scale seminars, master-class workshops and panel exchanges to promote Hong Kong's latest advantages in fintech, Web3, virtual assets, etc., and introduced related measures to attract businesses and talents. In September, the San Francisco ETO co-organised an innovation tech mixer with the Hong Kong Trade Development Council and the Hong Kong Association of Northern California to provide opportunities for 5 Hong Kong start-ups supported by the Hong Kong Science & Technology Parks Corporation for acceleration in Silicon Valley and networking with start-up founders and investors in the San Francisco Bay Area, and to promote Hong Kong's start-up ecosystem.

As mentioned in the 2025-26 Budget, we are actively following up with the Governments of Malaysia and Saudi Arabia on plans to set up ETOs. In line with our established practice, we will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure and staff establishment for the new ETOs. Generally speaking, an ETO, depending on operational needs, comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the existing ETOs.

To help Hong Kong enterprises and investors expand their markets, the Hong Kong Special Administrative Region (HKSAR) Government has strived to strengthen the economic and trade ties with other economies and actively sought to forge free trade agreements (FTAs) and investment promotion and protection agreements (IPPAs) with more trading partners, thereby promoting the long-term economic development of Hong Kong. The HKSAR Government has signed 9 FTAs with 21 economies [Note 3] and 24 IPPAs with 33 overseas economies [Note 4], some of which are in the "Global South". In addition, the HKSAR Government is also exploring the signing of IPPAs with Saudi Arabia, Bangladesh, Egypt and Peru. The HKSAR Government is also actively seeking accession to the Regional Comprehensive Economic Partnership (RCEP) [Note 5]. Besides receiving full support from the Central People's Government, the HKSAR Government has also received positive responses from other RCEP members in particular ASEAN member states. Following the adoption of the Procedures for Accession to the RCEP Agreement by the RCEP Joint Committee (RJC) in September 2024, the HKSAR Government will continue to proactively follow up with RJC and maintain close liaison with the trade and economic departments of RCEP members to promote relevant discussions and seek early accession to RCEP.

In view of the huge economic potential of the countries along the Belt and Road (B&R) (including the "Global South"), InvestHK set up consultant offices in Cairo, the capital of Egypt, and Izmir, the 3rd largest city in Türkiye within 2024-25 according to the 2023 Policy Address and 2024-25 Budget, for attracting capital and enterprises from high-potential emerging countries in the Middle East and North Africa, etc. This marks the 3rd and 4th consultant offices after the establishment of consultant offices in Nairobi, Kenya and Almaty, Kazakhstan within the current-term Government.

InvestHK will continue to leverage Hong Kong's role as a "super connector" and a "super value-adder" through its consultant offices and Dedicated Teams for Attracting Businesses and Talents in the "Global South", as well as to collaborate with relevant organisations, chambers of commerce, and professional bodies, etc., to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc. so as to proactively provide potential investors and enterprises in the "Global South" with the latest information on Hong Kong's business environment and promote Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world and other core strengths under "One Country, Two Systems", as well as the immense opportunities brought by key national strategies including the Greater Bay Area development and the B&R Initiative, with a view to attracting the enterprises in the "Global South" to set up or expand businesses in Hong Kong. The manpower and expenditure involved in the aforesaid investment promotion work have been subsumed under the overall staff establishment and estimate of InvestHK, which include administrative overhead expenses, and hence cannot be quantified separately.

Note 3: Hong Kong has signed 9 FTAs with 21 economies, including Mainland China, New Zealand, the Member States of the European Free Trade Association (i.e. Iceland, Liechtenstein, Norway and Switzerland), Chile, Macao SAR, the 10 Member States of the ASEAN (i.e. Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam), Georgia, Australia and Peru. All FTAs have come into force except the FTA signed with Peru on 15 November 2024.

Note 4: Hong Kong has signed 24 IPPAs with 33 overseas economies, including the 10 Member States of the ASEAN, Australia, Austria, Bahrain, Belgium, Canada, Chile, Denmark, Finland, France, Germany, Italy, Japan, Korea, Kuwait, Luxembourg, Mexico, Netherlands, New Zealand, Sweden, Switzerland, Türkiye, UAE, and the United Kingdom. All IPPAs have come into force except the IPPA signed with Türkiye on 31 October 2023.

Note 5: RCEP member economies include Mainland China, the 10 Member States of the ASEAN, Australia, Japan, Korea, and New Zealand.

- End -

Examination of Estimates of Expenditure 2025-26 | Reply Serial No.

CEDB101

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0284)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (000) Operational expenses

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As mentioned in paragraph 109 of the Budget Speech, the Government is following up actively with the governments of Malaysia and Saudi Arabia on the establishment of Economic and Trade Offices (ETOs) in these two countries. In addition, Invest Hong Kong has established consultant offices in Cairo, Egypt and Izmir, Türkiye. The Hong Kong Trade Development Council has also set up a consultant office in Cambodia. In this connection, please inform this Committee of the following:

1. the number of activities expected to be organised by the new ETOs in Malaysia and Saudi Arabia to attract enterprises and investment, and the specific outcome expected to be achieved;

2. the manpower and estimated expenditure involved in the new ETOs and consultant offices; and

3. whether Dedicated Teams for Attracting Businesses and Talents will be set up under the new ETOs; and if so, the numbers of target enterprises and talents they plan to reach out in the coming year.

Asked by: Hon LAM Shun-chiu, Dennis (LegCo internal reference no.: 1)

Reply:

The Hong Kong Special Administrative Region (HKSAR) Government is following up actively with the governments of Malaysia and Saudi Arabia respectively on our plans to establish Economic and Trade Offices (ETOs) in these 2 countries. As always, we will duly take into consideration the scope of duties, country coverage and operational needs in working out the estimated expenditure and staff establishment for the new ETOs. Generally speaking, ETOs comprise 5 Hong Kong-based officers and 12 locally-engaged staff having regard to operational needs, with total operational expenses estimated to be around

$30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the existing ETOs.

For the existing 14 ETOs, except for Geneva ETO which represents Hong Kong, China in the World Trade Organization as well as the Trade Committee of the Organisation for Economic Co-operation and Development, and Washington ETO which is mainly responsible for liaising with the political circle in the United States, Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) have been established under the other 12 ETOs, in line with the Government's "Competing for Talents and Enterprises" strategy and objective. The HKSAR Government plans to set up Dedicated Teams under the new ETOs as well to assist in promoting the relevant initiatives. In addition, the Hong Kong Trade Development Council (HKTDC) has 51 offices worldwide to provide support for organising local business as well as trade promotion activities and conducting related business matching.

The relevant expenditures of the offices of Invest Hong Kong and the HKTDC have been subsumed into their respective overall estimates and cannot be quantified separately.

- End -

CEDB102

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0681)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (-) -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In addition to striving for economic development, Hong Kong also shoulders the important mission of telling good stories of China and Hong Kong. Overseas Chinese organisations play a significant role in promoting Hong Kong's economic development, facilitating East-meets-West cultural exchange, enhancing international understanding of China and Hong Kong, etc.

1. Is there any mechanism for regular liaison between overseas Economic and Trade Offices and the local overseas Chinese organisations? If so, please specify the frequencies and forms of liaison as well as the main areas of co-operation. If not, will the Government consider establishing relevant mechanisms to strengthen collaboration with the overseas Chinese community?

2. Has the Government set aside any estimated provision specifically for supporting overseas Chinese organisations in telling good stories of China and promoting Hong Kong in their localities in the 2025-26 financial year? If so, what are the details? If not, will consideration be given to allocating additional resources to support the work of the overseas Chinese community in this regard?

3. Are there any key performance indicators set in respect of liaison with the overseas Chinese organisations? If so, what are the details? If not, will consideration be given to setting relevant indicators?

Asked by: Hon LEE Wai-king, Starry (LegCo internal reference no.: 12)

Reply:

The overseas Hong Kong Economic and Trade Offices (ETOs) are the official representatives of the Hong Kong Special Administrative Region (HKSAR) Government in countries and regions under their respective purview. Their responsibilities are to strengthen relations and liaison with local political and business sectors at the governmental level, and to handle bilateral economic and cultural matters between Hong Kong and the countries and regions under their respective purview.

The HKSAR Government attaches great importance to the relationship with overseas Chinese in foreign countries. All along, the ETOs have been conducting their liaison and promotion work via different channels through their respective networks. The ETOs have established extensive network with different contacts, covering overseas Hong Kong people and overseas Chinese organisations, in addition to stakeholders from various sectors, with the aim to unite forces from all sectors to fully dovetail with the relevant policy measures of the HKSAR Government; actively promote Hong Kong's unique advantages of enjoying strong support of the Motherland and being closely connected to the world under "One Country, Two Systems", as well as the opportunities brought by national strategies such as the Guangdong-Hong Kong-Macao Greater Bay Area development and the high-quality development of the Belt and Road Initiative.

ETOs do not maintain statistics on the liaison work with overseas Chinese organisations. As liaison with overseas Chinese organisations is an integral part of the overall work of the ETOs, the expenditure involved cannot be quantified separately. We have already set various indicators for evaluating the performance of ETOs' services, which cover the 3 Programmes, namely "Commercial Relations", "Public Relations" and "Investment Promotion" and have been listed in the Controlling Officer's Report.

- End -

Reply Serial No.

CEDB103

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0774)

Head:	(96) Government Secretariat: Overseas Economic and Trade Offices
Subhead (No. & title):	(-) -
Programme:	(1) Commercial Relations
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

The provision for 2025-26 is 74.6 million (35.4%) higher than the revised estimate for 2024-25, mainly due to the increased provision for the new Economic and Trade Offices (ETOs) under planning.

Besides, Matters Requiring Special Attention in 2025-26 include continuing to promote Hong Kong's trade and commercial interests, including countering protectionism in Hong Kong's major markets.

In this connection, will the Government advise this Committee of the following:

(1) It is reported that to expand our trade network and attract more inward investment and enterprises from the Global South markets to Hong Kong, the Government is following up actively with the governments of Malaysia and Saudi Arabia on the establishment of ETOs in these two countries. If established, what are the details of the manpower and expenditure of these ETOs?

(2) What were the measures of the overseas ETOs in countering protectionism in 2024-25 and the effectiveness of such measures, and what are the strategies for countering protectionism in 2025-26?

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 13)

Reply:

The Hong Kong Special Administrative Region (HKSAR) Government is following up actively with the governments of Malaysia and Saudi Arabia respectively on our plans to establish Economic and Trade Offices (ETOs) in these 2 countries. As always, we will duly take into consideration the scope of duties, country coverage and operational needs in working out the estimated expenditure and staff establishment for the new ETOs. Generally speaking, ETOs comprise 5 Hong Kong-based officers and 12 locally-engaged staff having regard to operational needs, with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the existing ETOs.

At present, the HKSAR Government has a total of 14 ETOs. To promote Hong Kong's trade and commercial interests, the ETOs have maintained close contact with government officials, business leaders and chambers of commerce in the countries under their purview. Also, through various efforts including supporting Hong Kong officials and business delegations to visit the relevant countries and organising such business/promotional activities as seminars, exhibitions, dinner/lunch meetings, etc., the ETOs strive to deepen and expand the bilateral relations between Hong Kong and these countries, advocate multilateralism, and proactively clarify relevant people's misunderstandings about Hong Kong to combat protectionism. Among them, the Washington ETO has been actively emphasising to various sectors of the United States (US) through different channels that Hong Kong and the US have deep and mutually beneficial trade and commercial ties all along, exchanging views on areas of common concern and clarifying misunderstandings. On issues related to Hong Kong (including the recent announcements by the US on imposition of additional tariffs on Hong Kong products), the Washington ETO has also taken the initiative to meet and write to the relevant US government officials to make clear Hong Kong's position.

In 2025-26, the ETOs will continue to take forward the above work with a view to explaining our position and telling the good stories of Hong Kong to the international community.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB104

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1179)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (000) Operational expenses

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

(1) Regarding the overall expenditure of the overseas Economic and Trade Offices (ETOs), including Programmes 1-3, the revised estimates for 2024-25 are 26.2% less than the original estimates. What are the reasons for that? Is there any postponement of plan to set up new ETOs or other projects? If yes, what are the reasons for the postponement? Will the postponed plans be implemented in 2025-26 and is there any need to adjust the estimates?

(2) It is mentioned in the "Analysis of Financial and Staffing Provision" that the expenditure for 2025-26 is essentially the same as that for 2024-25, which is due to the provision for establishing new ETOs as well as filling vacancies and staff changes. What are the details of the vacancies to be filled and staff changes?

(3) What is the staffing establishment of the new ETOs under planning? Will the Economic and Trade Representatives be deployed from Hong Kong and what is the number of them? Will such staff movement affect the total establishment of the ETOs?

(4) With the establishment of new ETOs, will large-scale business delegations be arranged to conduct study visits? What are the plans?

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 12)

Reply:

Under Programme (1) "Commercial Relations", Programme (2) "Public Relations" and Programme (3) "Investment Promotion", the revised estimate for 2024-25 of the overseas Hong Kong Economic and Trade Offices (ETOs) has been adjusted downwards from the original estimate of $602 million to $444 million, which is 26.2% less. The reasons include less salary expenses due to vacant posts and staff changes, as well as less operating expenses (covering those for the planned new ETOs but not yet established during the financial year) than expected in 2024-25.

As at 28 February 2025, the 14 existing ETOs had an establishment of 213 posts in total, including Hong Kong-based officer posts and locally-engaged staff posts. The ETOs had a strength of 193 staff in total, with 20 vacancies which were mainly due to staff changes or resignation for personal reasons. We expect the relevant vacancies will be filled in 2025-26.

Assisting in arranging overseas visits for principal officials of the Hong Kong Special Administrative Region Government, as well as representatives from the local political, business and professional sectors, and promoting Hong Kong's strengths are integral parts of the daily work of the ETOs. The ETOs will continue to tell the world the good stories of Hong Kong through multilateral liaison.

As mentioned in the 2025-26 Budget, we are actively following up with the Governments of Malaysia and Saudi Arabia on plans to set up ETOs. In line with our established practice, we will take into due consideration the scope of duties, country coverage and operational needs of the new ETOs in working out the estimated expenditure and staff establishment for the new ETOs. Generally speaking, an ETO, depending on operational needs, comprises 5 Hong Kong-based officers and 12 locally-engaged staff with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the existing ETOs.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB105

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0905)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under this Programme, one of the key responsibilities of the overseas Economic and Trade Offices is to support senior officers' overseas visits. Please inform this Committee of the detailed expenditures on senior officers' overseas visits in the past year, with a list of officers on visits and their departments. What are the regions, objectives and outcomes of the visits and the numbers of entourage members? What are the arrangements and costs for flights, transportation and hotel accommodation? What are the estimated expenditures for 2025-26? Are there any specific plans and timetables for overseas visits?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 4)

Reply:

The overseas Hong Kong Economic and Trade Offices (ETOs) provided full support in arranging overseas visits for the Chief Executive (CE) and Principal Officials, with a view to actively promoting high-level exchanges with local officials and various sectors, advancing Hong Kong's development of the "eight centres" and supporting different policy bureaux in promoting their globally-focused initiatives. As reflected from the following few examples of major duty visits, ETOs had endeavored to actively assist in coordinating the visit programmes and/or providing related support for the visits.

The CE visited 3 countries of the Association of Southeast Asian Nations (i.e. Laos, Cambodia and Vietnam) in July 2024, during which general consensus had been reached on areas of development and extensive co-operation and a total of 55 memoranda of understanding and agreements had been signed, covering such areas as trade and economic partnership, investment, customs collaboration, logistics, cultural exchanges, tourism promotion, technological co-operation, aviation services, etc.

The Financial Secretary (FS) visited Georgia, France and the United States (US) in May 2024, and Australia and the United Kingdom in September to promote Hong Kong's economy and development of various sectors under the "eight centres". In particular, FS highlighted Hong Kong's status and advantages as an international financial and trade centre, with offshore Renminbi services and mutual access with Mainland financial markets, which helped enterprises in Guangdong-Hong Kong-Macao Greater Bay Area cities "venture overseas by sharing a boat".

The Secretary for Justice visited Saudi Arabia and the United Arab Emirates in May 2024; Vietnam, Malaysia and Brunei Darussalam in September; and Singapore in October to promote Hong Kong's legal and dispute resolution services, with a view to creating more opportunities for the industry and consolidating Hong Kong's position as the centre for international legal and dispute resolution services in the Asia-Pacific region.

In addition to attending the Asia-Pacific Economic Cooperation Ministerial Meeting in November 2024, the Secretary for Commerce and Economic Development visited France and the US in May as well as Singapore in September, during which he met with representatives of the major local chambers of commerce and introduced to them Hong Kong's latest developments and measures on assisting enterprises in setting up businesses in Hong Kong, with a view to fostering closer relations between Hong Kong and these economies.

The overseas visits conducted by Directors of other Bureaux in 2024-25 included the visit by the Secretary for Innovation, Technology and Industry to Belgium and France to strengthen Hong Kong's position as an international I&T centre and to enhance connections and co-operation in the areas such as I&T with the European Union and France. The Secretary for Financial Services and the Treasury visited the US, the Netherlands, Spain and Portugal to promote the vibrant development of Hong Kong's fintech. The Secretary for Transport and Logistics led a delegation of members from the Hong Kong Maritime and Port Board to Japan and Germany, promoting Hong Kong's advantages as an international maritime centre to the international maritime community. The Secretary for Culture, Sports and Tourism visited Vietnam, underlining the country's clear support for Hong Kong's development as an East-meets-West centre for international cultural exchange, which would bring continuous development opportunities for the industry. The Secretary for Education visited the US and France, promoting Hong Kong's advantage as an international education hub and engaging local education experts to consolidate Hong Kong's position as a higher education hub.

The total expenditure of the duty visits incurred by the Secretary for Commerce and Economic Development (including his entourage involving 0 to 3 persons for each visit) in 2024-25 was around $1.6 million. The overseas visit plans of senior officers in 2025-26 will be formulated by the respective policy bureaux/departments.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB106

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0930)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under this Programme, the overseas Economic and Trade Offices (ETOs) will continue to promote Hong Kong's trade and commercial interests, including countering protectionism in Hong Kong's major markets, as well as representing Hong Kong and providing support to the Commerce and Economic Development Bureau and, as appropriate, other bureaux and departments on issues of special interests on the bilateral, plurilateral and multilateral fronts. Please inform this Committee of the expenditure incurred by the ETOs on the above-mentioned work in 2024-25. What initiatives were implemented? How effective were they? What are the work plans and objectives for 2025-26? Are there any specific measures in face of foreign countries' imposition of additional duties and sanctions? What is the estimated expenditure involved?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 28)

Reply:

To promote Hong Kong's trade and commercial interests, the overseas Hong Kong Economic and Trade Offices (ETOs) have all along maintained close connections with government officials, business leaders and chambers of commerce in countries under their purview. Through various work including supporting Hong Kong officials and business delegations in conducting overseas visits, as well as organising seminars, exhibitions, dinner/lunch meetings, and other business/promotional activities, the ETOs deepen and broaden the bilateral relationships between Hong Kong and the relevant countries, advocate multilateralism and actively clarify misunderstandings of relevant individuals about Hong Kong, with a view to promoting and deepening Hong Kong's bilateral, plurilateral, and multilateral relationships with various regions.

First of all, in strengthening Hong Kong's global economic and trade network and promoting agreements on multilateral and regional co-operation, the ETOs have supported discussions with relevant countries and the signing of agreements that could benefit Hong Kong, including free trade agreements, investment promotion and protection agreements and comprehensive avoidance of double taxation agreements. The ETOs concerned have also maintained close contact with the trade and economic departments of the member states of the Regional Comprehensive Economic Partnership and the Association of Southeast Asian Nations (ASEAN) Secretariat, to foster favorable conditions for the early accession of Hong Kong to this world's largest regional free trade agreement. The ETOs, in collaboration with the Hong Kong Trade Development Council (HKTDC), chambers of commerce and other relevant organisations, have promoted the vast business opportunities in Hong Kong and its unique advantages as a "super connector" and "super value-adder", as well as assisted Hong Kong businesses in exploring and investing in new markets (including those in ASEAN and the Middle East), thereby reducing reliance on traditional markets.

At the same time, the ETOs have supported the work of the Commerce and Economic Development Bureau as well as other policy bureaux and departments, in advancing Hong Kong's development of the "eight centres" and promoting different policy bureaux' globally-focused initiatives. Hong Kong has been making progress in the economic development of emerging industries. Building on its traditional strengths as an international financial and trading centre, Hong Kong has also been developing as a hub for innovation and technology, as well as an arts and cultural centre where Eastern and Western cultures meet. In this connection, the ETOs have organised relevant activities from time to time. For instance, in June 2024, the Toronto ETO and Invest Hong Kong jointly participated in "Collision 2024", the large-scale I&T conference in Toronto, during which the ETO invited the Hong Kong Monetary Authority, Hong Kong's venture capital experts and local I&T organisations to organise large-scale seminars, master-class workshops and panel exchanges to promote Hong Kong's latest advantages in fintech, Web3, virtual assets, etc., and introduced related measures to attract businesses and talents. In September, the San Francisco ETO co-organised an innovation tech mixer with the HKTDC and the Hong Kong Association of Northern California to provide opportunities for 5 Hong Kong start-ups supported by the Hong Kong Science & Technology Parks Corporation for acceleration in Silicon Valley and networking with start-up founders and investors in the San Francisco Bay Area, and to promote Hong Kong's start-up ecosystem. In October, the Bangkok ETO supported Ying Wah Chinese Opera to stage two performances in Bangkok. Led by renowned Cantonese opera performer Law Kar-ying, the event introduced Cantonese opera to a wider audience in Thailand, fostering a greater appreciation for its cultural significance. From December 2024 to January 2025, the Dubai ETO organised, in collaboration with Information Services Department, the "Immersive Hong Kong" roving exhibition in Dubai to showcase Hong Kong's unique attractions and advantages for business, investment and tourism to the people of the Middle East. The exhibition received an overwhelming response from both the public and tourists in the United Arab Emirates (UAE), attracting over 200 000 visitors to experience the appeal and vibrancy of Hong Kong through interactive art technology. Moreover, various distinguished guests such as Minister of State for Foreign Trade of the UAE came to view and enjoy the exhibition, thereby strengthening business and cultural relations between the two places. In February 2025, the London ETO supported the Hong Kong Gaudeamus Dunhuang Ensemble's concert, titled "Resonance of the Silk Road: Past, Present & Future Concert", at the British Library. The event commenced with a reception attended by over 50 guests, including diplomatic envoys and representatives from the local business, academic and cultural sectors.

On the other hand, the ETOs have endeavoured to actively assist in coordinating the visit programmes and/or providing related support for the duty visits of the Chief Executive (CE) and principal officials. For example, in 2024-25, through the coordination and arrangement of the Bangkok and Singapore ETOs, CE visited three countries of the ASEAN (namely Laos, Cambodia and Vietnam) in July, during which general consensus had been reached on areas of development and extensive co-operation and a total of 55 memoranda of understanding and agreements had been signed, covering such areas as trade and economic partnership, investment, customs collaboration, logistics, cultural exchanges, tourism promotion, technological co-operation, aviation services, etc. The Secretary for Justice visited Saudi Arabia and the UAE in May; Vietnam, Malaysia and Brunei Darussalam in September; and Singapore in October to promote Hong Kong's legal and dispute resolution services, with a view to creating more opportunities for the industry and consolidating Hong Kong's position as the centre for international legal and dispute resolution services in the Asia-Pacific region.

In addition, the Washington ETO has consistently leveraged different channels to emphasise to various sectors in the United States (US) the long-standing, deep and mutually beneficial ties between Hong Kong and the US on trade and commerce, exchanged views on areas of mutual interest and clarified misunderstandings as well as introduced latest policies and development opportunities (e.g. announcement in the Policy Address to reduce the duty rate for liquor to boost Hong Kong's development as a regional spirits hub). Regarding certain issues about Hong Kong (including the US' recent announcement of duties on Hong Kong products), the Washington ETO has also proactively reached out and/or written to relevant government officials in the US to clarify Hong Kong's stance.

In 2025-26, the ETOs will not only continue advancing the aforementioned initiatives, but also collaborate with relevant government departments and other Hong Kong overseas agencies more proactively to attract enterprises to set up their businesses in Hong Kong. At the same time, they will support Hong Kong enterprises (including Mainland enterprises that choose to establish businesses in Hong Kong) in "going global", helping them expand into overseas markets and fostering a high value-added supply chain service centre. The ETOs will also closely monitor the latest economic and political developments as well as policies in countries under their purview (including measures related to trade restrictions), strengthen the bilateral relations between Hong Kong and relevant countries, and promote trade, commerce and investment cooperation within the respective regions. As mentioned in the 2025-26 Budget, Hong Kong will continue to play its role as a functional platform for the Belt and Road (B&R) Initiative to strengthen co-operation with B&R countries. The relevant ETOs, together with the business and professional services sectors, will deepen their efforts in markets such as ASEAN and the Middle East.

As the above work is a part of the overall work of the ETOs, the relevant expenditure and estimate cannot be quantified separately.

- End -

Reply Serial No.

CEDB107

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0931)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (000) Operational expenses

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the Analysis of Financial and Staffing Provision for Programme (1), it is mentioned that provision for 2025-26 is $74.6 million (35.4%) higher than the revised estimate for 2024-25. This is mainly due to the increased provision for the new Economic and Trade Offices (ETOs) under planning, increased salary provision for filling vacancies and staff changes, and increased operating expenses. Please advise this Committee of the detailed breakdown of the expenditures, work plans and timetables for the new ETOs, including the locations and staff establishment, as well as the regions where new ETOs may be set up in the future and the expected economic and trade benefits that may bring to Hong Kong.

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 29)

Reply:

As mentioned in the 2025-26 Budget, we are following up actively with the governments of Malaysia and Saudi Arabia respectively on our plans to establish Economic and Trade Offices (ETOs) in these 2 countries. As always, we will duly take into consideration the scope of duties, country coverage and operational needs in working out the estimated expenditure and staff establishment for the new ETOs. Generally speaking, ETOs comprise 5 Hong Kong-based officers and 12 locally-engaged staff having regard to operational needs, with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the existing ETOs.

As part of the efforts to expand Hong Kong's overseas economic and trade network, we will continue to explore the feasibility of setting up new ETOs in different locations, especially emerging markets and those with potential.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB108

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0932)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (2) Public Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under this Programme, the overseas Economic and Trade Offices (ETOs) monitor and report on reactions to events in Hong Kong, update overseas interlocutors on developments in Hong Kong, and organise publicity and public relations activities for Hong Kong in the host countries or regions under their purview etc. During 2025-26, the ETOs will continue to step up publicity and public relations efforts and launch promotional campaigns to enhance Hong Kong's international image, and strengthen collaboration with other Hong Kong overseas agencies in developing strategies for city branding and publicity. Will the Government inform this Committee of the expenditure involved, details and results of the related work for each of the ETOs in 2024-25? Please provide the information with a breakdown by ETO. What is the estimated expenditure for the new financial year? What are the specific work plans? How will the ETOs enhance Hong Kong's international image under the new international landscape? What are the key performance indicators?

Asked by: Hon NG Kit-chong, Johnny (LegCo internal reference no.: 30)

Reply:

As the official overseas representatives of the Hong Kong Special Administrative Region (HKSAR) Government, the 14 overseas Hong Kong Economic and Trade Offices (ETOs) [Note] are committed to maintaining close communication and contact with overseas interlocutors from different sectors and the international community, promoting and explaining the HKSAR Government's important policies and Hong Kong's unique advantages under "One Country, Two Systems", especially the vast opportunities provided by the Belt and Road (B&R) Initiative as well as the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development.

In 2024-25, in addition to regularly providing stakeholders in countries and regions under their purview (including think tanks, academic institutions and business organisations) with the latest information on Hong Kong through newsletters and social media, the ETOs maintained close liaison with them to assess the impact of local development on Hong Kong, met with the media and took the initiative to publish articles to rebut biased reports so as to set the record straight. Besides, the ETOs provided full support in arranging overseas visits for the Chief Executive (CE) and principal officials, with a view to actively promoting high-level exchanges with local officials and various sectors, advancing Hong Kong's development of the "eight centres" and supporting different policy bureaux in promoting their globally-focused initiatives. For example, CE visited 3 countries of the Association of Southeast Asian Nations (namely Laos, Cambodia and Vietnam) in July 2024, during which general consensus had been reached on areas of development and extensive co-operation and a total of 55 memoranda of understanding and agreements had been signed, covering such areas as trade and economic partnership, investment, customs collaboration, logistics, cultural exchanges, tourism promotion, technological co-operation, aviation services, etc. The Secretary for Justice visited Saudi Arabia and the United Arab Emirates (UAE) in May 2024; Vietnam, Malaysia and Brunei Darussalam in September; and Singapore in October to promote Hong Kong's legal and dispute resolution services, with a view to creating more opportunities for the industry and consolidating Hong Kong's position as the centre for international legal and dispute resolution services in the Asia-Pacific region. The ETOs had endeavored to actively assist in coordinating the visit programmes and/or providing related support for the duty visits of CE and principal officials.

The ETOs also maintained close liaison with the Governments and organsations in countries under their purview, encouraged global business communities and enterprises to seize the vast business opportunities, promoted Hong Kong as a "super connector" and a "super value-adder" to continue to strengthen Hong Kong's economic and trade ties with various sectors overseas, thereby making important contributions to the dual circulation strategy of our country. In addition, Hong Kong has been making progress in the economic development of emerging industries. Building on its traditional strengths as an international financial and trading centre, Hong Kong has also been developing as a hub for innovation and technology, as well as an arts and cultural centre where Eastern and Western cultures meet. In this connection, the ETOs organised relevant activities from time to time. For instance, in June 2024, the Toronto ETO and Invest Hong Kong jointly participated in "Collision 2024", the large-scale I&T conference in Toronto, during which the ETO invited the Hong Kong Monetary Authority, Hong Kong's venture capital experts and local I&T organisations to organise large-scale seminars, master-class workshops and panel exchanges so as to promote Hong Kong's latest advantages in fintech, Web3, virtual assets, etc., and introduced related measures to attract businesses and talents. In September, the San Francisco ETO co-organised an innovation tech mixer with the Hong Kong Trade Development Council (HKTDC) and the Hong Kong Association of Northern California to provide opportunities for 5 Hong Kong start-ups supported by the Hong Kong Science & Technology Parks Corporation for acceleration in Silicon Valley and networking with start-up founders and investors in the San Francisco Bay Area, and to promote Hong Kong's start-up ecosystem. In October, the Bangkok ETO supported Ying Wah Chinese Opera to stage 2 performances in Bangkok. Led by renowned Cantonese opera performer Law Kar-ying, the event introduced Cantonese opera to a wider audience in Thailand, fostering a greater appreciation for its cultural significance. From December 2024 to January 2025, the Dubai ETO organised, in collaboration with Information Services Department, the "Immersive Hong Kong" roving exhibition in Dubai to showcase Hong Kong's unique attractions and advantages for business, investment and tourism to the people of the Middle East. The exhibition received an overwhelming response from both the public and tourists in the UAE, attracting over 200 000 visitors to experience the appeal and vibrancy of Hong Kong through interactive art technology. Moreover, various distinguished guests such as Minister of State for Foreign Trade of the UAE came to view and enjoy the exhibition, thereby strengthening business and cultural relations between the 2 places. In February 2025, the London ETO supported the Hong Kong Gaudeamus Dunhuang Ensemble's concert, titled "Resonance of the Silk Road: Past, Present & Future Concert", at the British Library. The event commenced with a reception attended by over 50 guests, including diplomatic envoys and representatives from the local business, academic and cultural sectors.

Furthermore, in line with the "Competing for Talents and Enterprises" strategy and objective, the Dedicated Teams for Attracting Businesses and Talents (the Dedicated Teams) in ETOs continued to support the work of the Office for Attracting Strategic Enterprises under the Financial Secretary's Office and the Hong Kong Talent Engage in the Labour and Welfare Bureau in providing facilitation services for the attraction of businesses and talents. The Dedicated Teams and other staff of the ETOs, through various means and channels, proactively reached out to high potential and representative strategic enterprises and talents, including liaising with the world's top 100 universities and Hong Kong residents studying or working overseas, promoting Hong Kong's opportunities and advantages, and various talent admission programmes, thereby encouraging them to settle in Hong Kong.

In 2025-26, the ETOs will continue to organise and participate in various events, including conferences, seminars, cultural and arts performances, exhibitions, film festivals and sports events, in close collaboration with policy bureaux and departments, Hong Kong overseas agencies (such as offices of HKTDC and Hong Kong Tourism Board), chambers of commerce and professional bodies. In line with the overall promotion strategy of the Government, the ETOs will enhance overseas promotion of Hong Kong's new economic highlights, new cultural horizons, and new tourism experiences; assist in arranging visits for principal officials of the Government to different countries, regions and markets to promote Hong Kong's advantages as well as various flagship events and occasions. The ETOs will also enhance Hong Kong's international image and branding through multilateral liaison, strengthen the cohesion of local and overseas Hong Kong people, and actively promote Hong Kong's unique advantages under "One Country, Two Systems" and Hong Kong's development of "eight centres" as outlined in the National 14th Five-Year Plan, as well as the vast business opportunities brought about by the B&R Initiative and the GBA development, so as to make the best endeavours to attract businesses and talents to Hong Kong, and to tell the world the good stories of Hong Kong.

As the above work is part of the overall public relations work of the ETOs, the expenditure incurred and estimated expenditure cannot be quantified separately.

The actual and estimated performance indicators in 2024 and 2025 respectively in respect of ETOs' work in "Commercial Relations", "Public Relations" and "Investment Promotion" have been listed in the Controlling Officer's Report.

Note: The HKSAR Government currently has 14 ETOs which are located in Bangkok, Berlin, Brussels, Dubai, Geneva, Jakarta, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington DC respectively.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB109

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2674)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations, (2) Public Relations, (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In 2025-26, the expenditures of the overseas Economic and Trade Offices (ETOs) under the 3 programmes of Commercial Relations, Public Relations and Investment Promotion have increased by $74.6 million, $55.2 million and $26.3 million, representing increases of 35.4%, 35% and 34.7% respectively. Please provide a detailed breakdown of the additional expenditures of the 3 programmes. Does the Government have any plans to adjust the allocation of resources for the various overseas ETOs and concentrate the resources on regions with development potentials, including those along the "Belt and Road", with a view to exploring new business opportunities for Hong Kong? If yes, what are the details of the plan? If no, what are the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 20)

Reply:

For 2025-26, the estimated expenditures of the overseas Hong Kong Economic and Trade Offices (ETOs) in respect of Programme (1) "Commercial Relations", Programme (2) "Public Relations" and Programme (3) "Investment Promotion" are $285 million, $213 million and $102 million respectively, totalling $600 million, which is 0.2% less than the original estimate for 2024-25. The estimated expenditure is 35.1% higher than the revised estimate for 2024-25, mainly due to the provision for the new ETOs under planning, increased salary provision for filling vacancies and staff changes, and increased operating expenses.

The Hong Kong Special Administrative Region (HKSAR) Government has proactively expanded our network of ETOs, strived to maintain close communication and contact with overseas interlocutors from different sectors and the international community, strengthened Hong Kong's trade and economic relations with other places, explained the HKSAR Government's major policies, and promoted our unique status under "One Country, Two Systems" and our multi-faceted advantages, as well as the vast opportunities brought about by the Belt and Road (B&R) Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development.

The HKSAR Government has dedicated its efforts towards strengthening trade and economic relations with the Middle East and the Association of Southeast Asian Nations (ASEAN), with a view to deepening regional cooperation. The HKSAR Government is actively advancing the plan to establish an ETO in Riyadh, Saudi Arabia and Kuala Lumpur, Malaysia respectively, to assist us in constructing a broader network in the Middle East and ASEAN, thereby enhancing Hong Kong's external trade. The Middle East region, where Saudi Arabia is located, and the ASEAN market, which includes Malaysia, are both important hubs of the B&R Initiative. Establishing ETOs in these 2 locations will strengthen Hong Kong's strategic position as an international trade centre and a key connector to the world. It will also assist Hong Kong enterprises in expanding into emerging markets such as the Middle East and ASEAN, injecting new momentum into Hong Kong's economic development.

The HKSAR Government will continue to proactively explore the feasibility and relevant details in setting up ETOs in various countries, on the basis of Hong Kong's trade interest and needs, as well as the economic and political importance of various places to Hong Kong, and the governance and safety-related circumstances of said places, so as to continually develop Hong Kong's global trade network.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB110

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0089)

Head:	(96) Government Secretariat: Overseas Economic and Trade Offices
Subhead (No. & title):	(-) -
Programme:	(-) -
Controlling Officer:	Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

1. To open up markets and expand trade network, has the Government broadened its vision to target the Global South markets; if yes, what are the planning directions?

2. As regards the discussions about the Government's establishment of Economic and Trade Offices (ETOs) in Malaysia and Saudi Arabia, when are the offices expected to be established and what are the scale and recurrent expenditure?

3. What are the differences between ETOs and consultant offices in terms of their duties, and the considerations in deciding the type of office to be set up? What are the current number and distribution of consultant offices under the Government and their average annual expenditure?

Asked by: Hon WONG Ying-ho, Kennedy (LegCo internal reference no.: 1)

Reply:

The 14 overseas Economic and Trade Offices (ETOs), being the official representatives of the Hong Kong Special Administrative Region (HKSAR) Government in countries/regions, are responsible for handling bilateral matters between Hong Kong and countries under their respective purviews (including economic and trade, and cultural exchange matters) and attracting businesses and talents to Hong Kong [Note]. Invest Hong Kong (InvestHK)'s Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) have been established under ETOs for attracting enterprises and investment, including assisting overseas enterprises in setting up or expanding their businesses in Hong Kong. ETOs organise or participate in different activities every year on external trade relations, public relations and investment promotion. In addition, InvestHK has established a total of 17 consultant offices in different places, 13 of which cover emerging markets including Central Asia, the Middle East, Latin America and Africa, to expand the HKSAR's investment attraction network. The Hong Kong Trade Development Council (HKTDC) has 51 offices worldwide, covering

Africa and the Middle East, the Americas, Europe, Asia and the Pacific, 13 of which are located in Mainland China to support the Council in organising local business promotion activities and related business matching.

As mentioned in the 2025-26 Budget, in order to expand our trade network and attract inward investment and enterprises from the Global South markets to Hong Kong, the HKSAR Government is following up actively with the governments of Malaysia and Saudi Arabia respectively on our plans to establish ETOs in these 2 countries. As always, we will duly take into consideration the scope of duties, country coverage and operational needs in working out the estimated expenditure and staff establishment for the new ETOs. Generally speaking, ETOs comprise 5 Hong Kong-based officers and 12 locally-engaged staff having regard to operational needs, with total operational expenses estimated to be around $30 million per year. We expect the manpower and resources required by the new ETOs to be similar to those of the existing ETOs.

While ETOs, InvestHK (including the Dedicated Teams and consultant offices) and HKTDC perform their respective duties, they work in synergy to jointly promote bilateral economic and trade relations between Hong Kong and overseas economies. The Government will continue to consider the needs and benefits of establishing ETOs and consultant offices taking into the actual circumstances in deciding on the type(s) of office to be established.

The relevant expenditures of the offices of InvestHK and HKTDC have been subsumed into their respective overall estimates which include administrative overhead expenses and cannot be quantified separately.

Note: Except for Geneva ETO and Washington ETO which is mainly responsible for liaising with the political circle in the United States.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB111

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3006)

Head: (96) Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations, (2) Public Relations, (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Ms Maggie WONG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. According to the documents in the past 3 years, the financial provisions under Programmes (1) to (3) of the overseas Economic and Trade Offices (ETOs) have shown a persistent situation that the estimate for the next year is 20-30% higher than the revised estimate/actual expenditure of the previous year, reflecting that the estimate for each year has not been fully utilised (e.g. the estimate for 2024-25 is 26.2% higher than the revised estimate, while the estimate for 2025-26 remains at a level similar to that for 2024-25). Please inform this Committee of the reasons for the substantial differences, and the specific criteria for determining the estimated provision each year. Have any adjustments been made with reference to the actual expenditure of the previous year?

2. Regarding Programme (3) "Investment Promotion", what are the reasons for failing to meet the 2 indicators (namely new projects generated and projects completed) for 2 consecutive years?

3. What are the expenditures and staffing establishments of the Dedicated Teams for Attracting Businesses and Talents set up in each overseas ETO? Are there any key performance indicators for these teams? If yes, what are the details? If no, what are the reasons?

Asked by: Hon ZHANG Xinyu, Gary (LegCo internal reference no.: 14)

Reply:

For 2025-26, the estimated expenditures of the overseas Hong Kong Economic and Trade Offices (ETOs) in respect of Programme (1) "Commercial Relations", Programme (2) "Public Relations" and Programme (3) "Investment Promotion" are $600 million in total, which is 0.2% less than the original estimate for 2024-25. The estimated expenditure is 35.1% higher than the revised estimate for 2024-25, mainly due to the provision for the new ETOs under planning, increased salary provision for filling vacancies and staff changes, and increased operating expenses.

Except for the Geneva ETO which represents Hong Kong, China in the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development, and the Washington ETO which is mainly responsible for liaising with the political circle in the United States, Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) have been established in the other 12 ETOs. The Dedicated Teams actively reach out to high potential and representative enterprises and proactively cooperate with Invest Hong Kong (InvestHK) to implement the performance indicator as set out in the 2022 Policy Address (viz. attracting at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025). The 2 performance indicators (i.e. new projects generated and projects completed) listed in Programme (3) "Investment Promotion" in the Controlling Officer's Report are those for the projects handled by the Dedicated Teams in the ETOs under Head 96. The relevant figures only account for a part of InvestHK's overall achievements in attracting businesses and investment. Overall, in 2024, InvestHK assisted a total of 539 Mainland and overseas enterprises in establishing and expanding their businesses in Hong Kong, representing an increase of over 40% as compared with the full year figure of 2023. On a pro-rata basis, the figure well exceeded the performance indicator as set out in aforesaid Policy Address. Apart from Mainland enterprises, InvestHK also achieves outstanding results in attracting overseas enterprises to establish and expand their businesses in Hong Kong.

At present, there are 47 posts established under the Dedicated Teams in the 12 ETOs. The relevant expenditure involved has been subsumed under the overall estimates of the ETOs and InvestHK, and hence cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB112

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2819)

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) -

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the measures mentioned by the Government to combat unfair trade practices and offer better protection to consumers who make prepayments, will the Government inform this Committee of:

(1) whether it can provide the progress of the relevant study and the legislative timetable after consolidating various views on the proposal to introduce a statutory cooling-off period since the closure of a chain fitness and beauty group;

(2) the numbers of successful prosecution cases instituted under the Trade Descriptions Ordinance (Cap. 362) in the past 2 years;

(3) the numbers of reported cases received by the Government under the above Ordinance and the types of industries involved in the past 2 years in table form.

Asked by: Hon CHU Kwok-keung (LegCo internal reference no.: 31)

Reply:

We are aware that different sectors of the community have put forward various suggestions in respect of offering better protection to consumers who make prepayments. These include stipulating a statutory cooling-off period, imposing a cap on the length of prepayment contracts and the prepayment amounts, etc. The Commerce and Economic Development Bureau is conducting an in-depth study into different suggestions, considering their pros and cons and feasibility, with reference to the practices in other jurisdictions and taking into account relevant factors (including the economic environment, operating situation of relevant industries, relevant complaint figures and experience of law enforcement agencies, etc.), with a view to formulating appropriate strategies to strengthen the protection of consumers' rights and interests.

In the past 2 years, the number of complaints received by the Customs and Excise Department relating to the Trade Descriptions Ordinance, the major industries involved and the number of successful prosecutions are tabulated as follows:

	2023	**2024**
Number of complaints	18 982 Note	12 436
Major industries involved	Goods: Online shopping platforms (miscellaneous goods such as baby products, clothing and footwear), food and beverage, ginseng products and dried seafood/Chinese and western medicines, electrical and electronic products, supermarkets, department stores and convenience stores Services: Education, beauty and hairdressing, travel, furniture, decoration and interior design, fitness and yoga, tickets for sports and cultural activities	Goods: Online shopping platforms (miscellaneous goods such as baby products, clothing and footwear), food and beverage, ginseng products and dried seafood/Chinese and western medicines, electrical and electronic products, toys and games, supermarkets, department stores and convenience stores Services: Fitness and yoga, beauty and hairdressing, pain-relief treatment and massage, education, furniture, decoration and interior design, travel, tickets for sports and cultural activities, broadcasting, telecommunications and network equipment
Number of successful prosecutions	40	34

Note: 11 565 cases were related to the sudden closure of an online diaper retailer suspected of engaging in wrongly accepting payment.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB113

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3109)

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) -

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Customs and Excise Department (C&ED) will strengthen enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services. Will the Government inform this Committee of:

1. the manpower and resources allocated to combat the aforesaid unlawful acts by C&ED; and

2. the numbers of offending shops against which enforcement actions were taken by C&ED (with a breakdown by type of shops), as well as the numbers of persons and tourists involved in each of the past 5 years?

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 38)

Reply:

In 2024-25, 231 Customs and Excise Department (C&ED) officers are responsible for the enforcement of the Trade Descriptions Ordinance (TDO), involving an expenditure on emoluments of around $144 million.

From 2020 to 2024, C&ED initiated a total of 608 cases for investigation against the suspected contravention of the TDO by traders, involving 486 complainants, among whom 9 were tourists. The relevant enforcement figures by year are tabulated as follows:

Year	Number of cases initiated for investigation	Number of shops involved	Major industries involved
2020	142	117	Ginseng products and dried seafood/ Chinese and western medicines, food and beverage, home and cleaning products, supermarkets, department stores and

Year	Number of cases initiated for investigation	Number of shops involved	Major industries involved
			convenience stores, furniture, decoration and interior design, employment agency
2021	120	102	Food and beverage, furniture, decoration and interior design, electrical and electronic products, home and cleaning products, health supplements and products
2022	107	97	Food and beverage, electrical and electronic products, furniture, decoration and interior design, home and cleaning products, beauty and hairdressing
2023	96	92	Food and beverage, ginseng products and dried seafood/Chinese and western medicines, furniture, decoration and interior design, home and cleaning products, electrical and electronic products, health supplements and products
2024	143	99	Ginseng products and dried seafood/ Chinese and western medicines, electrical and electronic products, food and beverage, clothing and accessories, motor vehicles
Total	**608**	**507**	-

- End -

CEDB114

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0776)

Head: (78) Intellectual Property Department

Subhead (No. & title): (-) -

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (David WONG Fuk-loi)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As pointed out in the Aim of the Intellectual Property Department (IPD), particular attention is paid to providing support for small and medium enterprises (SMEs) to help them identify, protect, manage, exploit and commercialise their intellectual property (IP) assets in Hong Kong and in the region. In this connection, please advise this Committee of:

(1) the details of the publicity and educational activities to be organised in 2025-26 for SMEs with special emphasis on the protection, management and commercialisation of IP assets, as well as the expenditure and manpower arrangements involved; and

(2) The Matters Requiring Special Attention by IPD in 2025-26 include continuing to provide support to the business community in strengthening their IP protection, management and commercialisation in the Mainland (including the Greater Bay Area) through the Guangdong/Hong Kong Expert Group on the Protection of IP Rights. What are the details of the relevant activities in 2024-25 and the results achieved? What are the main difficulties encountered by Hong Kong enterprises in the Mainland in relation to IP? Will enhancement measures be introduced in light of such difficulties? If yes, what are the details? If not, what are the reasons?

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 14)

Reply:

The Intellectual Property Department (IPD) has been organising intellectual property (IP) training courses and practical workshops for Hong Kong enterprises including small and medium enterprises (SMEs), and providing them with the free IP Consultation Service. The IPD has also collaborated with different stakeholders to promote IP protection, management and commercialisation through various activities. Details are as follows:

- The IPD launched the IP Manager Scheme in May 2015 with a view to enhancing SMEs' IP manpower capacity and boosting their competitiveness through IP management and commercialisation. To meet the development needs of the enterprises, the IPD launched the IP Manager Scheme PLUS in October 2020 to provide more comprehensive and in-depth IP training courses and practical workshops. As at end-February 2025, more than 9 300 practitioners had participated in such training. The IPD will continue to enhance the above Scheme and training courses, and enrich their contents to provide suitable IP training to different sectors. It is expected that the training courses and practical workshops will continue to attract more than 1 000 participants in the 2025-26 financial year.

- Since December 2014, the IPD has been collaborating with the Law Society of Hong Kong to provide the free IP Consultation Service for SMEs. The Service has been enhanced since January 2023, with an increase in the number of lawyers on the team and an extension of the duration of each consultation session. As at end-February 2025, a total of 731 SMEs had used the relevant Service.

- The Government has continued to co-organise the annual Business of IP Asia Forum (BIP Asia Forum) with the Hong Kong Trade Development Council. The 2024 Forum was held on 5 and 6 December and attracted over 3 000 participants from 36 countries and regions, including leaders of the World Intellectual Property Organization and the China National Intellectual Property Administration, as well as IP experts from the Asia-Pacific Economic Cooperation and the Association of Southeast Asian Nations. The IPD will continue to support the BIP Asia Forum with the addition of new features to provide an excellent platform for IP authorities, experts, practitioners and trading partners from different regions around the world to exchange views on the latest developments of IP-related issues and explore more opportunities for co-operation and development for the industry. The 2025 Forum will be held in December 2025.

- To strengthen the promotion of the national support for Hong Kong to develop into a regional IP trading centre under the National 14th Five-Year Plan and Hong Kong's competitive edge in IP trading, the IPD has been working with the Radio Television Hong Kong since 2022 to produce a television series entitled "IP: New Opportunities" with a total of 22 episodes in 3 seasons. Another new season of television programme is being planned for broadcasting in 2025-26.

Guangdong-Hong Kong co-operation in IP protection

Under the framework of the Guangdong/Hong Kong Expert Group on the Protection of Intellectual Property Rights (the Expert Group), the IPD has been collaborating with various cities in the Guangdong Province in organising a variety of activities to support the business community (including SMEs) in strengthening IP protection and management for their Mainland operations, including the annual Guangdong/Hong Kong Seminar on Intellectual Property and Development of Small and Medium Enterprises. The seminar invites various expert speakers from Hong Kong and the Mainland specialising in different fields (including arbitration and mediation) to deliver speeches in cities in the Guangdong Province, with the aim of assisting the business community (including SMEs) in devising effective IP management, exploitation and commercialisation strategies, so as to better understand and capitalise on the opportunities offered by the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) as well as promote the enterprises' innovation and development, and also enhance their competitiveness. The feedback indicated that nearly

70% of the participants considered these seminars conducive to strengthening SMEs' awareness of IP protection.

Other key co-operation projects include promoting co-operation and exchanges in the high-quality development of the GBA; promoting the integration of public IP services into the process of research and development and innovation; jointly strengthening co-operation and exchanges in IP transformation; promoting diversified resolution of IP disputes; organising major annual events such as the Guangdong-Hong Kong-Macao Greater Bay Area High-value Patent Portfolio Layout Competition and the Guangdong-Hong Kong-Macao Greater Bay Area High-value Trade mark Cultivation Competition; and organising exchange activities relating to IP protection, trade marks, copyright and geographical indications.

In addition, the Hong Kong Economic and Trade Office in Guangdong of the Hong Kong Special Administrative Region (HKSAR) Government also organises seminars from time to time to assist Hong Kong enterprises in the Guangdong Province to understand the relevant IP laws. For instance, a seminar entitled "New Trends in the Business Environment in Guangdong 2025" was held in Guangzhou on 14 January 2025. Expert speakers were invited to give an introduction of the latest amendments to the Mainland's Trade Mark Law, recent development in trade mark protection and relevant cases.

In recent years, the Mainland has attached great importance to and vigorously strengthened IP protection, and optimised the environment for innovation and technology as well as business operation, which has significantly helped mitigate the IP protection issues encountered by the Hong Kong business community in running their businesses in the Mainland. So far, the Expert Group has not received any reports from the Hong Kong business community concerning major difficulties in IP protection, management and commercialisation in the Mainland (including the GBA). The HKSAR Government will continue to provide appropriate support to the Hong Kong business community in the Guangdong Province.

Promoting IP trading is part of the overall work of the IPD. It is therefore difficult to quantify the resources involved separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB115

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1901)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned under Matters Requiring Special Attention in 2025-26 that Invest Hong Kong will continue to focus investment promotion efforts on priority sectors, including creative industries as well as sports and entertainment. In this connection, please inform this Committee:

1. whether the Government has formulated a specific work plan with targets, such as the target number of enterprises, target markets (such as the Mainland, Association of Southeast Asian Nations (ASEAN) regions, Belt and Road Initiative countries, etc.) and target groups (such as enterprises of different scales, multinational companies, investors, etc.)?

2. whether the Government has evaluated the effectiveness of its efforts on the abovementioned sectors? Please provide specific data, including the number of enterprises successfully attracted, the amount of investment, job opportunities created and the impetus given to local industries. Has the Government reviewed its work against key performance indicators, such as the number of enterprises having set up businesses in Hong Kong and the return on investment? Has the Government formulated a long-term plan that dovetails with other policy measures, such as developing Hong Kong into an East-meets-West centre for international cultural exchange and a centre for mega sports events?

3. of the staff establishment involved in the efforts on the abovementioned sectors. Please provide a breakdown by the duties of the posts, such as marketing, liaison with enterprises and events management. Are the current staff establishment and resources sufficient to cope with the work in attracting strategic enterprises in cultural and sports sectors to come to Hong Kong?

Asked by: Hon FOK Kai-kong, Kenneth (LegCo internal reference no.: 26)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices, as well as consultant offices in other locations, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

Apart from proactively attracting new enterprises to set up businesses in Hong Kong, InvestHK also attaches great importance to providing aftercare support to the established ones, as well as other major overseas and Mainland enterprises in Hong Kong. The professional teams of InvestHK will continue to develop organised and systematic programmes to reach out to major investors. Strategic discussions are also conducted to assist them to explore and evaluate new growth areas and opportunities ahead for supporting their business expansion in Hong Kong.

In 2024, InvestHK assisted 539 Mainland or overseas enterprises in establishing and expanding their businesses in Hong Kong, representing an increase of over 40% as compared with the full year figure of 2023. On a pro-rata basis, the figure well exceeded the performance indicator as set out in the 2022 Policy Address by the Chief Executive (viz. attracting at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025).

Among the 539 enterprises mentioned above, more than 30 of them were from the cultural and creative industries, as well as entertainment and sports, covering different business areas such as arts, cultural exhibitions and curation, galleries and art auctions, performances and entertainment production, stage technology, sports technology, games and amusement facilities operations, etc. These enterprises were expected to create nearly 400 jobs in total within their first year of operations or expansion, and bring in direct investment of over $500 million. These enterprises concerned have not only enriched the ecosystem of cultural and creative industries in Hong Kong, but also driven the overall development of the relevant industrial chain, injecting momentum into Hong Kong's economy.

Looking ahead, InvestHK will continue to attract more enterprises of different scales from cultural and creative industries, as well as sports and entertainment from the Mainland, Europe and Americas (such as the United States, France, Switzerland, the United Kingdom, etc.) and the Asia-Pacific region (such as Singapore, Japan, Korea, Australia, etc.) to settle in Hong Kong. We will also continue to deepen collaboration with various industry stakeholders, including chambers of commerce, industry associations and internationally renowned trade exhibition organisations, by organising, sponsoring and participating in a series of investment promotion activities, industry seminars, international expos, business matchmaking and exchange activities, such as the international conference "Live Matter", "Art Basel" and the Law Society of Hong Kong's "Sports Law Conference" held in Hong Kong, for further promoting Hong Kong's business attractiveness in the above-mentioned areas, thereby consolidating Hong Kong's position as a business hub in the creative industries, sports and entertainment sectors.

At present, the manpower and expenditure of InvestHK involved in creative industries as well as sports and entertainment sectors are adequate for coping with daily work. They have been subsumed under the overall estimate of the Department, which includes administrative overhead expenses, and hence cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB116

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1444)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Dedicated Teams for Attracting Businesses and Talents (the Dedicated Teams) set up across the Government's Mainland Offices and overseas Economic and Trade Offices are responsible for proactively reaching out to target enterprises and talents. In this connection, will the Government inform this Committee of the following:

1. What are the staff establishments and expenditures for reaching out to and attracting enterprises and talents of various Dedicated Teams? What are the details of the estimates for the coming year? Have the Dedicated Teams set goals for the number of target enterprises for each year or annual cycle? If yes, what are the goals?

2. What were the respective numbers of target enterprises with which various Dedicated Teams engaged in the past 2 financial years? Please set out in a table form and specify the business areas of the enterprises that were already engaged.

3. What were the numbers of target enterprises that had established their foothold and developed their business in Hong Kong after engaging with the Dedicated Teams in the past 2 financial years? Please set out in a table form and specify the business areas of the enterprises that already established their foothold.

4. Has the Government noted or estimated, as far as the enterprises establishing foothold in Hong Kong under this approach are concerned, the amount of investment and number of employment opportunities that can be brought to Hong Kong respectively in the next 3 years?

Asked by: Hon HO King-hong, Adrian Pedro (LegCo internal reference no.: 3)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and the overseas Hong Kong

Economic and Trade Offices (ETOs), as well as consultant offices in other locations, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

In 2024, InvestHK assisted 539 enterprises in establishing and expanding their businesses in Hong Kong, including 273 Mainland enterprises and 266 overseas enterprises. The figure represented an increase of over 40% as compared with the full year figure of 2023. On a pro-rata basis, the figure well exceeded the performance indicator as set out in the 2022 Policy Address by the Chief Executive (viz. attracting at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025). The businesses of these enterprises covered various sectors, including innovation and technology; financial services and fintech; family office; business and professional services; consumer products; creative industries, sports and entertainment; tourism and hospitality; as well as transport and logistics, industrials. These enterprises were expected to create over 6 800 jobs in total within the first year of operations or expansion, and bring in direct investment of over $67.7 billion.

There are a total of 80 investment promotion staff posts in the 17 Dedicated Teams. The results of their investment promotion work were reflected in the above-mentioned overall performance indicator of InvestHK.

The expenditure relating to the investment promotion work of the Dedicated Teams has been subsumed under the overall estimate of InvestHK, ETOs and Mainland Offices, which includes administrative overhead expenses, and hence cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB117

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1308)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As announced in the 2022-23 Budget, Invest Hong Kong has been allocated additional recurrent funding of around $90 million in phases starting from 2022/23. Will the Government inform this Committee of:

- the breakdown of number of investment promotion activities in 2024 by place of origin and sector, including meetings, conferences, seminars and exhibitions, etc.;

- the amount of foreign direct investment inflow into Hong Kong through InvestHK in 2023 and 2024 by geographic market;

- the manpower resources and expenditure involved in the above activities in the past 3 years;

- the progress, manpower resources and expenditure involved in setting up the consultant offices in Cairo, Egypt and Izmir, Türkiye; and

- the work plan and priority sectors in 2025/26 in promoting business opportunity in Hong Kong and the manpower resources and estimated expenditure involved.

Asked by: Hon IP LAU Suk-yee, Regina (LegCo internal reference no.: 33)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices, as well as consultant offices in other locations, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

In 2024, a total of about 8 900 meetings with target companies were held by InvestHK. The origins of the companies spread across the globe, including Asia, Africa and the Pacific region (about 5 320 meetings), Europe (about 2 260 meetings) and the Americas (about 1 320 meetings). The breakdown of the meetings by sector is as follows:

Sectors	**2024**
Business and Professional Services	About 840
Consumer Products	About 380
Creative Industries, Sports & Entertainment	About 280
Family Office	About 870
Financial Services and Fintech	About 670
Innovation and Technology	About 1 300
Tourism and Hospitality	About 410
Transport and Logistics, Industrials	About 360
Cross-sector	About 3 790
Total	**About 8 900**

In addition to meeting with target companies, InvestHK also conducts other investment promotion activities to provide potential investors and enterprises from the Mainland and overseas with the latest information on Hong Kong's business environment. In 2024, the other investment promotion activities conducted by InvestHK included around 150 large-scale meetings, about 300 seminars and about 30 exhibitions. The expenses involved has been subsumed under the overall estimate of InvestHK, which includes administrative overhead expenses, and hence cannot be quantified separately.

In 2023 and 2024, the amount of foreign direct investment (FDI) inflow into Hong Kong attracted by InvestHK were about $61.6 billion and $67.7 billion respectively. The sources of FDI spread across the globe, including Asia, Africa, and the Pacific region ($58.8 billion in 2023 and $55.9 billion in 2024), Europe ($1.7 billion in 2023 and $10.3 billion in 2024) and the Americas ($1.1 billion in 2023 and $1.5 billion in 2024).

In view of the huge economic potential of the countries along the Belt and Road (B&R), InvestHK set up consultant offices in Cairo, the capital of Egypt, and Izmir, the 3rd largest city in Türkiye within 2024-25 according to the 2023 Policy Address and 2024-25 Budget, for attracting capital and enterprises from high-potential emerging countries in the Middle East and North Africa.

In 2025-26, InvestHK will continue to leverage Hong Kong's roles as a "super connector" and a "super value-adder", as well as to collaborate with relevant organisations, chambers of commerce, and professional bodies, etc., to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc. so as to proactively provide potential investors and enterprises in the Mainland and overseas with the latest information on Hong Kong's business environment and promote Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world and other core strengths under "one country, two systems", as well as the immense opportunities brought by key national strategies including the Guangdong-Hong Kong-Macao Greater Bay Area development and the B&R Initiative, with a view to attracting Mainland

and overseas enterprises to set up or expand their businesses in Hong Kong. The key work plans are provided below.

The global trade landscape and geopolitics are rapidly changing, with parts of the supply chains shifting to the Global South and B&R countries, while Mainland enterprises are also proactively establishing their presence abroad. To cope with this trend, it was announced in the 2024-25 Budget that the Government's goal was to develop Hong Kong into a multinational supply chain management centre. In his 2024 Policy Address, the Chief Executive further requested InvestHK and the Hong Kong Trade Development Council (HKTDC) to set up a high value-added supply chain services mechanism for attracting Mainland enterprises to establish international or regional headquarters in Hong Kong for managing offshore trading and supply chain, and providing one-stop professional advisory services for enterprises in Hong Kong looking to go global. In December 2024, InvestHK and HKTDC established the above mechanism to jointly encourage Mainland enterprises to establish presence in Hong Kong.

At the same time, InvestHK, through its Dedicated Teams based in the Mainland Offices, is proactively organising activities under the theme of multinational supply chains, so as to actively reach out to more Mainland enterprises for investment promotion work. As at end-February 2025, InvestHK had organised and co-organised around 20 relevant investment promotion activities in various Mainland cities, including Hangzhou, Nanjing and Xiamen, etc. within around 1 year's time.

Besides, InvestHK will continue to implement jointly with the Immigration Department the New Capital Investment Entrant Scheme (New CIES) under the Financial Services and the Treasury Bureau with a view to further enriching the talent pool and attracting more new capital to Hong Kong, strengthening the development of Hong Kong's asset and wealth management, financial and related professional service sector as well as supporting the development of innovation and technology industry. The Government announced in January 2025 a series of enhancement measures on the New CIES, which have taken into effect since 1 March 2025. The measures include relaxing the net asset assessment and calculation requirement, and allowing applicants to include investments made through an eligible private company wholly owned by the applicant to be counted towards the applicant's eligible investment. These enhancement measures will encourage more investors to join the New CIES, and create synergy with the tax concession regime for family offices, thereby promoting the development of family office businesses in Hong Kong.

The overall estimated expenditure of InvestHK in 2025-26 is about $303.8 million. The expenditure involving the aforesaid consultant offices and InvestHK's priority work plan have been subsumed under the overall estimate of the Department, which includes administrative overhead expenses, and hence cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB118

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1034)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Invest Hong Kong organised the StartmeupHK Festival from 21 to 25 October 2024. A series of 15 roadshow events across 9 countries/regions was also held to promote the Festival. In this connection, will the Government inform this Committee of:

a) the expenditure breakdowns for the Festival and the roadshow events;

b) the numbers of events, guests (individuals or enterprise representatives) and attendees of the Festival; and

c) how the Festival can effectively promote the growth of the startup ecosystem in Hong Kong?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 36)

Reply:

StartmeupHK Festival (the Festival) is Invest Hong Kong (InvestHK)'s annual flagship event, which aims to attract global startups to establish presence in Hong Kong, promote Hong Kong's position as an international innovation and technology hub, and foster a thriving startup ecosystem in Hong Kong. Focusing on Hong Kong's latest developments, policies and support in key areas such as web3, health technology, sustainable development and artificial intelligence (AI), the Festival attracts investors, entrepreneurs and talents from the Mainland and overseas to settle in Hong Kong, and promotes exchanges and collaboration between Hong Kong and other innovation and technology centres, thereby further improving the overall development of Hong Kong's startup industry chain and enhancing Hong Kong's advantages as a startup hub.

Under the theme "A Future Unlimited", the 2024 Festival featured 5 key events from 21 to 25 October 2024, covering popular technology topics including AI, web3, game, responsible technology, healthtech and sustainability, etc. In addition, the 2024 Festival also hosted a series of other activities, such as reverse investor pitches, investor summits, startup roadshows and business matchmaking. The 2024 Festival attracted more than 200 speakers and over 3 400 participants in total, including industry leaders, startup entrepreneurs, investors, technology enthusiasts and government officials from 49 countries/regions. It also attracted 6 delegations from the Mainland, Canada, India, the Philippines, Thailand and the United Kingdom, reflecting Hong Kong's attractiveness to startups. Also, the 2024 Festival held a total of 15 roadshow events in 9 countries/regions to strengthen the publicity effect of the Festival overseas, which attracted more than 1 400 participants.

According to the results of InvestHK's 2024 Startup Survey, the number of startups in Hong Kong increased by 10% year-on-year to 4 694, reaching a record high. The startups employed 17 651 individuals, up by 7% year on year, also reaching a new high. This shows that the startup ecosystem in Hong Kong continues to flourish as driven by large-scale investment promotion activities such as the Festival.

Looking forward, InvestHK will continue to organise and expand the scale of the Festival to attract more startups to establish foothold in Hong Kong, and provide early-stage startups with one-stop support services. The Department will also continue to deepen its collaboration with various startup stakeholders, including local organisations, incubators, accelerators and co-working spaces, and will work with the Mainland Offices, overseas Hong Kong Economic and Trade Offices, Cyberport, the Hong Kong Science and Technology Parks Corporation, etc. to organise and sponsor various investment promotion activities to promote Hong Kong as a preferred destination for startups.

The expenditure of the 2024 Festival has been subsumed under the overall estimate of InvestHK, which includes administrative overhead expenses, and hence cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB119

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1053)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under Matters Requiring Special Attention in 2025-26, it is mentioned that Invest Hong Kong (InvestHK) will continue to strengthen global investment promotion efforts and enhance promotion strategies to encourage multinational companies, startups, scaleups and family offices to set up or expand their businesses in Hong Kong, including those from the Mainland and Belt and Road (B&R) markets, so as to capitalise on the business opportunities arising from the key national strategies including GBA development and the B&R Initiative. Please advise this Committee on:

1) the plans of InvestHK for attracting multinational companies and family offices from the Mainland and the B&R countries or regions to set up their businesses in Hong Kong;

2) whether additional resources will be allocated to support Hong Kong enterprises in expanding markets in the B&R countries or regions in order to enhance their competitiveness; if so, on the estimated expenditure involved; if not, on the reasons.

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 3)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices (ETOs), as well as consultant offices in other locations, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

The Mainland is one of InvestHK's key markets for investment promotion. To attract more multinational corporations and family offices from the Mainland to set up businesses in Hong Kong, InvestHK plans to organise more investment promotion activities in various

Mainland cities including Chengdu, Wuhan, Ningbo, Tianjin, Shenyang, Wuxi, Zibo, Beijing and Xiamen to introduce Hong Kong's business advantages to local companies and promote Hong Kong as an ideal platform for Mainland enterprises to go global. InvestHK has set up Dedicated Teams in each of the five Mainland Offices, which are responsible for investment promotion work in various provinces and cities, including organising and participating in briefings and meetings with enterprises, as well as promoting Hong Kong's business environment through different media interviews and social media platforms. InvestHK also maintains close collaboration with the Ministry of Commerce, relevant local departments, and industrial and commercial organisations to strengthen investment promotion efforts in provinces and cities in the Mainland.

In addition, the global trade landscape and geopolitics are rapidly changing, with parts of the supply chains shifting to the Global South and Belt and Road (B&R) countries, while Mainland enterprises are also proactively establishing their presence abroad. To cope with this trend, it was announced in the 2024-25 Budget that the Government's goal was to develop Hong Kong into a multinational supply chain management centre. In his 2024 Policy Address, the Chief Executive further requested InvestHK and the Hong Kong Trade Development Council (HKTDC) to set up a high value-added supply chain services mechanism for attracting Mainland enterprises to establish international or regional headquarters in Hong Kong for managing offshore trading and supply chain, and providing one-stop professional advisory services for enterprises in Hong Kong looking to go global. In December 2024, InvestHK and HKTDC established the above mechanism to jointly encourage Mainland enterprises to establish presence in Hong Kong. Through its Dedicated Teams based in the Mainland Offices, InvestHK is proactively organising activities under the theme of multinational supply chains, so as to actively reach out to more Mainland enterprises for investment promotion work. As at end-February 2025, InvestHK had organised and co-organised around 20 relevant investment promotion activities in various Mainland cities, including Hangzhou, Nanjing and Xiamen, etc. within around one year's time. Meanwhile, HKTDC is providing one-stop professional advisory services for enterprises in Hong Kong and, through its overseas offices, rendering on-site support services.

In view of the huge economic potential of the countries along the B&R, InvestHK set up consultant offices in Cairo, the capital of Egypt, and Izmir, the 3rd largest city in Türkiye within 2024-25 according to the 2023 Policy Address and 2024-25 Budget, for attracting capital and enterprises from high-potential emerging countries in the Middle East and North Africa.

In terms of attracting family offices, InvestHK has been collaborating with the Financial Services and the Treasury Bureau (FSTB) in the relevant work. In 2024, the Dedicated FamilyOfficeHK Team (the Dedicated FOHK Team) under the Department conducted more than 260 investment promotion activities of various forms in the Mainland, Hong Kong and overseas (including countries along the B&R) to promote Hong Kong's competitiveness and unique advantages as a family office hub to the target client groups through face-to-face interactions. The Dedicated FOHK Team will continue to strengthen collaboration with the Mainland Offices, ETOs and Belt and Road Office, to conduct roundtable fora with the theme of family offices in major cities to highlight Hong Kong's role as a leading destination for asset and wealth management. The Government has been implementing a number of measures, including providing tax concessions for single family offices, adopting a streamlined approach for compliance with suitability obligation when dealing with sophisticated professional investors, establishing the Hong Kong Academy for Wealth Legacy to expand the talent pool of family offices, and launching the “New Capital Investment Entrant Scheme” by FSTB to attract more new capital to Hong Kong.

Going forward, InvestHK will continue to leverage Hong Kong’s role as a “super connector” and “super value-adder” through its Dedicated Teams in the Mainland Offices and countries along the B&R as well as the overseas consultant offices, as well as to collaborate with relevant organisations, chambers of commerce, and professional bodies, etc., to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc. so as to proactively provide potential investors and enterprises in the Mainland and overseas with the latest information on Hong Kong’s business environment and promote Hong Kong’s distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world and other core strengths under “one country, two systems”, as well as the immense opportunities brought by key national strategies including the Guangdong-Hong Kong-Macao Greater Bay Area development and the B&R Initiative, with a view to attracting Mainland and overseas enterprises to set up or expand their businesses in Hong Kong.

The expenditure involved in investment promotion in the Mainland and the countries along the B&R has been subsumed under the overall estimate of InvestHK, which includes administrative overhead expenses, and hence cannot be quantified separately.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB120

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1820)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated in paragraph 28 of the Budget Speech that Invest Hong Kong (InvestHK) successfully attracted over 500 Mainland and overseas enterprises to set up or expand their business in Hong Kong last year, representing an increase of over 40%, and that these enterprises are expected to bring in direct investment of over $67.7 billion. In this connection, will the Government inform this Committee of the following:

Please set out the major industry sectors involved in the direct investment of $67.7 billion mentioned above, the percentage share of each industry sector, and the proportion of Mainland enterprises to overseas enterprises?

What were the number of enterprises attracted by InvestHK and the corresponding amount of direct investment in each of the past 3 years? What is the estimated tax revenue to be generated from every $10 billion of direct investment in Hong Kong by these enterprises?

Asked by: Hon LEE Wai-wang, Robert (LegCo internal reference no.: 18)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices, as well as consultant offices in other locations, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

In 2022 and 2023, InvestHK assisted 300 and 382 enterprises respectively, which brought in direct investment of about $21.1 billion and $61.6 billion respectively. In 2024, InvestHK assisted 539 Mainland or overseas enterprises in establishing and expanding their businesses in Hong Kong, representing an increase of over 40% as compared with the full year figure of

2023. On a pro-rata basis, the figure well exceeded the performance indicator as set out in the 2022 Policy Address by the Chief Executive (viz. attracting at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025). These enterprises were expected to bring in direct investment of over $67.7 billion.

Among these 539 enterprises, analysed by place of origin, 51% of them (273 enterprises) were from the Mainland, while the remaining enterprises were from other regions. By sector, the top five sectors were innovation and technology (120 enterprises; 22%), financial services and fintech (110 enterprises; 20%), family offices (95 enterprises; 18%), tourism and hospitality (58 enterprises; 11%) and business and professional services (47 enterprises; 9%). Riding on the good performance, InvestHK will make every effort in attracting Mainland and overseas enterprises to invest in Hong Kong and continue to implement the aforesaid performance indicator as set out in the 2022 Policy Address.

InvestHK does not maintain information related to the enterprises' tax payment in Hong Kong.

- End -

Examination of Estimates of Expenditure 2025-26 | Reply Serial No.

CEDB121

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2333)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Matters Requiring Special Attention in 2025-26 that the Government plans to strengthen its Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) overseas and in the Mainland, and will continue to attract target strategic companies to Hong Kong. In this connection, will the Government inform this Committee of the following:

(a) What is the total estimate for the expansion of the overseas and Mainland network in 2025-26? What is the increase compared to the preceding year?

(b) Will new resources be allocated to the work on attracting businesses and talents? If yes, how will the additional resources be allocated (e.g. recruiting more staff, establishing new footholds, strengthening the consultant team, etc.)?

(c) According to the information provided by the Government, there are currently 17 Dedicated Teams based in the Mainland Offices and the overseas Hong Kong Economic Trade Offices. What were the staff establishment and expenditure estimate for these 17 Dedicated Teams in the past 3 years? Will differentiated budget proposals and resource allocation plans be formulated for different regions (e.g. "Belt and Road countries", European and American countries, first-tier and second-tier cites in the Mainland etc.)?

Asked by: Hon LEUNG Tsz-wing, Dennis (LegCo internal reference no.: 28)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices (ETOs), as well as consultant offices in other locations, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

In 2024, InvestHK assisted 539 Mainland or overseas enterprises in establishing and expanding their businesses in Hong Kong, representing an increase of over 40% as compared with the full year figure of 2023. On a pro-rata basis, the figure well exceeded the performance indicator as set out in the 2022 Policy Address by the Chief Executive (viz. attracting at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025).

In view of the huge economic potential of the countries along the Belt and Road (B&R), InvestHK set up consultant offices in Cairo, the capital of Egypt, and Izmir, the 3rd largest city in Türkiye within 2024-25 according to the 2023 Policy Address and 2024-25 Budget, for attracting capital and enterprises from high-potential emerging countries in the Middle East and North Africa. These are the 3rd and the 4th consultant offices set up by the current-term Government since it took office, after the ones established in Nairobi, Kenya and Almaty, Kazakhstan.

InvestHK will continue to leverage Hong Kong's roles as a "super connector" and a "super value-adder", as well as to collaborate with relevant organisations, chambers of commerce, and professional bodies, etc., to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc. so as to proactively provide potential investors and enterprises in the Mainland and overseas with the latest information on Hong Kong's business environment and promote Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world and other core strengths under "one country, two systems", as well as the immense opportunities brought by key national strategies including the Guangdong-Hong Kong-Macao Greater Bay Area development and the B&R Initiative, with a view to attracting Mainland and overseas enterprises to set up or expand their businesses in Hong Kong.

In the 3 years from 2022-23 to 2024-25, the number of posts in the 17 Dedicated Teams were 75, 79 and 80 respectively. The expenditure for salary and the consultant offices has been subsumed under the overall estimate of InvestHK, ETOs and Mainland offices, which includes administrative overhead expenses, and hence cannot be quantified separately. Depending on the investment promotion needs of individual markets, InvestHK will flexibly deploy existing resources to consolidate and strengthen its investment promotion work around the world.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB122

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0768)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the matters requiring special attention in 2025-26 is to continue to conduct global promotion activities across sectors and arrange events to attract leading carbon neutrality solutions and potential investors to Hong Kong, leveraging Hong Kong's commitments and business opportunities to achieving carbon neutrality before 2050.

In this connection, please inform this Committee of the following:

(1) In 2024, Invest Hong Kong (InvestHK) assisted a total of 539 overseas and Mainland companies in setting up or expanding their business in Hong Kong, representing a jump of over 41% compared to 2023. Were there carbon neutrality solutions among the companies assisted? If so, what are the details? If not, what are the reasons? What are the details of the work to introduce carbon neutrality solutions and potential investors to Hong Kong in 2025-26?

(2) Reports have it that in recent years the top locations of origin (in quantitative terms) of the companies introduced by InvestHK have been traditional areas such as the United Kingdom, United States, Singapore and Japan, while companies from Southeast Asia, Middle East and Eastern Europe have accounted for a relatively low proportion. InvestHK has stated that it will devote more efforts to giving the Belt and Road countries a better understanding of Hong Kong and attracting companies from those areas to Hong Kong. What are the details of the manpower, expenditure and measures involved in the relevant work?

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 11)

Reply:

To leverage Hong Kong's commitments and business opportunities to achieve carbon neutrality before 2050, Invest Hong Kong (InvestHK) has been conducting global promotional activities across sectors and arranging events to attract leading carbon neutrality solutions companies and potential investors to Hong Kong.

In 2024, InvestHK assisted 539 Mainland or overseas enterprises in establishing and expanding their businesses in Hong Kong, representing an increase of over 40% as compared with the full year figure of 2023. The Department completed 38 carbon neutrality-related projects among those 539, with main businesses covering green technology, green living, fintech and green talent training, etc., which are conducive to reduction of carbon emission.

InvestHK proactively collaborates with relevant bureaux, departments, organisations, chambers of commerce, and professional bodies, etc., to organise an array of carbon neutrality-related investment promotion activities in the Mainland and overseas, including seminars, fora, exhibitions, roundtables, etc. to proactively promote relevant policies and Hong Kong's competitive advantages to business communities and investors in the Mainland and overseas, so as to attract more carbon-neutrality related companies to set up or expand their businesses in Hong Kong.

In addition, while InvestHK is consolidating its investment promotion work in traditional markets, it also steps up its work in emerging markets (including countries along the Belt and Road (B&R)). For instance, in view of the huge economic potential of the countries along B&R, InvestHK set up consultant offices in Cairo, the capital of Egypt, and Izmir, the 3rd largest city in Türkiye within 2024-25 according to the 2023 Policy Address and 2024-25 Budget, for attracting capital and enterprises from high-potential emerging countries in the Middle East and North Africa. These are the 3rd and the 4th consultant offices set up by the current-term Government since it took office, after the ones established in Nairobi, Kenya and Almaty, Kazakhstan.

Apart from setting up new consultant offices, InvestHK's teams in Hong Kong will continue to work closely with the Dedicated Teams for Attracting Businesses and Talents and consultant offices along B&R to drive for attracting inward investment from countries along B&R. The Department will collaborate with relevant organisations, chambers of commerce, and professional bodies, etc., to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc. so as to proactively provide potential investors and enterprises with the latest information on Hong Kong's business environment and promote Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world and other core strengths under "one country, two systems", as well as the immense opportunities brought by key national strategies including the Guangdong-Hong Kong-Macao Greater Bay Area development and the B&R Initiative, with a view to attracting overseas enterprises along B&R countries to set up or expand businesses in Hong Kong. For example, the Department will organise roundtables or seminars in Eurasian countries, such as Singapore, Vietnam, Indonesia, Malaysia, Thailand, Mongolia, Kazakhstan and Türkiye, as well as roundtables in the Middle East and African regions, such as Saudi Arabia, the United Arab Emirates, Côte d'Ivoire and Morocco in 2025.

The manpower and expenditure relating to the above-mentioned consultant offices and investment promotion work have been subsumed under InvestHK's overall establishment and estimate, which includes administrative overhead expenses, and hence cannot be quantified separately.

- End -

CEDB123

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0770)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development [Note: The question below concerns matters under the policy purview of the Constitutional and Mainland Affairs Bureau (CMAB). The reply was prepared by Invest Hong Kong and vetted by the CMAB.]

Question:

Matters Requiring Special Attention in 2025-26 involve, among other things, continuing to strengthen the promotion of the business advantages and opportunities of Greater Bay Area (GBA) development to global investors through the Pan-GBA Inward Investment Liaison Group, and in collaboration with the Investment Promotion Bureau of Shenzhen Municipality, continuing to conduct joint investment promotion activities on the business environment and advantages of Hong Kong and Shenzhen.

In this connection, please inform this Committee of the following:

(1) the details and outcome of the activities carried out under the above two collaborative investment promotion initiatives in 2024-25; and

(2) the details of the manpower, expenditure and work of Invest Hong Kong involved in joint promotions of the advantages of GBA development in 2025-26.

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 12)

Reply:

Invest Hong Kong (InvestHK) has been collaborating with the Constitutional and Mainland Affairs Bureau (CMAB) in actively promoting the unique advantages of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), thereby attracting overseas companies to set up or expand their businesses in Hong Kong. The Pan-Greater Bay Area Inward Investment Liaison Group (the Liaison Group) conducted the "GBA and Europe (France) Economic and Trade Cooperation Conference" in Paris, France in 2024, which attracted over 400 European business professionals. The Liaison Group also hosted the "2024 Global Investment

Promotion Conference for the GBA" in Guangzhou to promote the business advantages of the GBA cities to over 900 business representatives.

In addition, InvestHK collaborated with the Investment Promotion Bureau of the Shenzhen Municipality to conduct multiple seminars and fora in Canada, Australia and Portugal in 2024 to promote business opportunities brought by both Hong Kong and Shenzhen, which are core engines of the GBA development, thereby attracting inward investment by fully leveraging the advantages of the overseas networks of both cities.

The above activities brought about remarkable results. InvestHK will continue to offer professional advice and customised support services to relevant companies, and encourage and assist them in setting up or expanding businesses in Hong Kong.

Looking forward, InvestHK will continue to collaborate with CMAB to strengthen promotion to global investors about the advantages and opportunities of the GBA development through various means, in particular via the Liaison Group. It will also proactively promote to overseas markets about the potential of the GBA market, the latest investment incentive policies, as well as how to leverage Hong Kong's unique advantages under "one country, two systems" to expand into the GBA market. Amongst others, the Liaison Group will hold various economic and trade cooperation conferences in places such as the Eastern Europe and Southeast Asia in mid-2025, and will organise the "2025 Global Investment Promotion Conference for the GBA" in end 2025 to further promote Hong Kong as the ideal gateway for overseas enterprises to explore the GBA market. Regarding Hong Kong-Shenzhen cooperation, InvestHK will continue to organise promotional events and activities worldwide to promote the complementary advantages of Hong Kong and Shenzhen. Meanwhile, InvestHK will enhance its connections with the investment promotion bureaux of the GBA cities to facilitate further exchanges and cooperation.

The manpower and expenditure involved in the GBA investment promotion work have been subsumed under the overall establishment and estimate of InvestHK, which includes administrative overhead expenses, and hence cannot be quantified separately.

- End -

Reply Serial No.

CEDB124

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1628)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Programme of Invest Hong Kong ("InvestHK") that it conducted around 8 900 meetings with target companies in key geographic markets in 2024, focusing on various priority sectors, including promoting Hong Kong in the Mainland as an ideal platform for Mainland enterprises to go global, and promoting Hong Kong overseas as the favourable platform for overseas enterprises to tap into the Mainland markets. Would the Government inform this Committee of the details of the aforementioned meetings, including the total number of companies InvestHK reached out to and the sectors involved, the number of companies which are willing to consider investing in Hong Kong, and of the 8 900 meetings, the number of meetings held in the Mainland and abroad respectively? In addition, how many similar promotion activities does InvestHK plan to organise in the coming year?

Asked by: Hon SO Cheung-wing (LegCo internal reference no.: 29)

Reply:

Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices, as well as consultant offices in other locations, Invest Hong Kong (InvestHK) has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages.

A total of about 8 900 meetings with target companies were conducted by InvestHK in 2024. The origins of the companies concerned spread across the globe, including Mainland companies (about 3 000 meetings) and overseas companies (about 5 900 meetings). These meetings were conducted in Hong Kong, the Mainland and various places overseas. By sector, the companies concerned were from innovation and technology; financial services and fintech; family offices; business and professional services; consumer products; creative industries, sports and entertainment; tourism and hospitality, as well as transport and logistics, industrials, etc.

In 2024, InvestHK assisted 539 Mainland or overseas enterprises in establishing and expanding their businesses in Hong Kong, representing an increase of over 40% as compared with the full year figure of 2023. On a pro-rata basis, the figure well exceeded the performance indicator as set out in the 2022 Policy Address by the Chief Executive (viz. attracting at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025).

InvestHK will continue to leverage Hong Kong's roles as a "super connector" and a "super value-adder", as well as to collaborate with relevant organisations, chambers of commerce, and professional bodies, etc., to organise investment promotion activities, including meetings, conferences, roadshows, seminars, exhibitions, etc. so as to proactively provide potential investors and enterprises in the Mainland and overseas with the latest information on Hong Kong's business environment and promote Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world and other core strengths under "one country, two systems", as well as the immense opportunities brought by key national strategies including the Guangdong-Hong Kong-Macao Greater Bay Area development and the Belt and Road Initiative, with a view to attracting Mainland and overseas enterprises to set up or expand their businesses in Hong Kong.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB125

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1629)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Programme of Invest Hong Kong (InvestHK) that it will continue to strengthen its overseas and Mainland network comprising Dedicated Teams for Attracting Businesses and Talents in overseas Economic and Trade Offices (ETOs) and Mainland Offices as well as overseas consultants, and step up efforts to attract target strategic companies to Hong Kong. In fact, the ETOs, Mainland Offices, InvestHK, and Hong Kong Trade Development Council jointly undertake the tasks of attracting businesses. Please give a detailed account of the co-operation and the division of work among the departments, with specific examples to illustrate the co-operation among them. Besides, do the departments hold working meetings regularly to formulate common development targets and strategies, and collaborate in taking forward the same projects?

Asked by: Hon SO Cheung-wing (LegCo internal reference no.: 30)

Reply:

The overseas Hong Kong Economic and Trade Offices (ETOs), Invest Hong Kong (InvestHK) and Hong Kong Trade Development Council (HKTDC) are responsible for different aspects of work in deepening international engagement and collaboration. They also collaborate from time to time to generate synergy, thereby jointly promoting bilateral economic and trade relations between Hong Kong and overseas economies.

First of all, InvestHK and HKTDC mainly serve the business community. InvestHK is responsible for promoting inward direct investment to Hong Kong. Through its teams based in Hong Kong, the Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in ETOs, as well as consultant offices in other locations, the Department has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong, and offering one-stop customised support services, from the planning to implementation stages. As for HKTDC, it is responsible for trade promotion as well as facilitating, assisting and developing trade in Hong Kong. Through organising international exhibitions, conferences and business missions, HKTDC creates business opportunities in the Mainland and international markets for Hong Kong enterprises. Although the 2 agencies' functions differ, they have been working closely together and are dedicated to promoting Hong Kong as a two-way global investment and business hub, thereby fully leveraging Hong Kong's advantages as a two-way springboard for the Mainland and rest of the world.

For instance, in view of the rapidly-changing global trade landscape and geopolitics, some parts of supply chains are shifting to the Global South and Belt and Road countries, while Mainland enterprises are also proactively establishing their presence abroad. To cope with this trend, it was announced in the 2024-25 Budget that Hong Kong would develop into a multinational supply chain management centre, and a high value-added supply chain services mechanism be established by InvestHK and HKTDC. Through its Dedicated Teams based in the Mainland Offices, InvestHK attracts Mainland enterprises to set up international or regional headquarters in Hong Kong for managing offshore trading and supply chain. HKTDC provides those enterprises established in Hong Kong with one-stop professional advisory services to assist them to go global, followed by on-site support services rendered by HKTDC's overseas offices. InvestHK and HKTDC will continue to strengthen their collaboration to promote the economic and trade network between Hong Kong, Mainland and overseas.

As regards ETOs, they are the official representatives of the Hong Kong Special Administrative Region (HKSAR) Government in countries under their purview, performing a wide range of functions. With the exception of the Geneva ETO [Note 1], the other ETOs handle bilateral affairs (including those on economic and trade, as well as cultural exchanges) between Hong Kong and countries under their purview. Every year, ETOs organise and participate in various activities on areas of external commercial relations, public relations and investment promotion [Note 2].

ETOs are committed to maintaining close communication and exchanges with the international community and overseas stakeholders in different sectors (including government officials, think tanks, media organisations, academics, cultural and business groups and other key opinion leaders in countries under their purview), promoting and explaining the HKSAR Government's important policies and Hong Kong's unique advantages under "one country, two systems", with a view to telling the good stories of Hong Kong and promoting economic and trade development between Hong Kong and overseas. In addition to regularly providing local stakeholders with the latest information on Hong Kong through newsletters and social media, ETOs have direct dialogues with various local stakeholders, and meet with the media and take the initiative to publish articles to rebut biased reports and to set the record straight. Also, ETOs have been proactively supporting and participating in various conferences and fora organised by the local governments, business organisations and groups, and assisting in arranging overseas visits by the Chief Executive and other HKSAR Government officials to establish and deepen networks with local sectors. They also, in collaboration with policy bureaux and departments, relevant organisations, chambers of commerce and professional bodies, organise and participate in various events in different cities, including conferences, seminars, cultural and arts performances, exhibitions, film festivals and sports events, so as to enhance publicity and promotion work.

Note 1: The Geneva ETO represents Hong Kong, China in the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development, and is mainly responsible for handling issues relating to these organisations. The work on bilateral economic and trade relations with Switzerland is handled by the Berlin ETO.

Note 2: The Washington ETO is mainly responsible for liaising with the political circle in the United States (US), and the New York ETO is responsible for attracting businesses and talents in the eastern states of the US.

- End -

CEDB126

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1640)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Ms Alpha LAU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in the Programme of Invest Hong Kong ("InvestHK") that it provides one-to-one support services to companies throughout the planning and execution of their setup and expansion in Hong Kong. Will the Government inform this Committee of the total number of overseas companies coming to Hong Kong that have been provided with one-to-one support services by InvestHK over the past year, including the types of services provided, the specific results, and the distribution between companies which have been established in Hong Kong and those which are new entrants? Besides, InvestHK's mission is to spearhead Hong Kong's efforts to attract and retain foreign direct investment. Please explain the specific work done and results achieved by InvestHK in respect of retaining investment.

Asked by: Hon SO Cheung-wing (LegCo internal reference no.: 31)

Reply:

Invest Hong Kong (InvestHK)'s mission is to attract and retain foreign direct investment, and provide one-to-one support services to Mainland and overseas enterprises.

To this end, InvestHK proactively attracts and assists enterprises that are interested in setting up and expanding businesses in Hong Kong, and offers one-stop customised support services, from the planning to implementation stages. The services offered include provision of market information as well as guidance on laws and regulations in relevant sectors, assistance in office search and staff hiring, facilitation of visa and licence applications, provision of information about funding and other support schemes, introduction of business partners and service providers, and marketing support on business launch.

Apart from proactively attracting new enterprises to set up businesses in Hong Kong, InvestHK also attaches great importance to providing aftercare support to the established ones, as well as other major overseas and Mainland enterprises in Hong Kong. The professional teams of InvestHK will continue to develop organised and systematic programmes to reach out to major investors. Strategic discussions are also conducted to assist them to explore and evaluate new growth areas and opportunities ahead for supporting their business expansion in Hong Kong.

Enterprises receiving one-to-one support services from InvestHK originate from all over the world, including the Mainland and overseas. In 2024, InvestHK assisted 539 enterprises in establishing and expanding their businesses in Hong Kong, representing an increase of over 40% as compared with the full year figure of 2023. On a pro-rata basis, the figure well exceeded the performance indicator as set out in the 2022 Policy Address by the Chief Executive (viz. attracting at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025). Among these 539 enterprises, about 80% of them set up businesses in Hong Kong for the first time, while the remaining 20% expanded their businesses in Hong Kong. Within their first year of operations or expansion, these enterprises were expected to create over 6 800 jobs in total, and bring in direct investment of over $67.7 billion.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB127

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2856)

Head: (160) Radio Television Hong Kong

Subhead (No. & title): (000) Operational Expenses

Programme: (2) Public Affairs and General Television Programme

Controlling Officer: Director of Broadcasting (Angelina KWAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in Programme 2 that in the coming year, Radio Television Hong Kong will continue to strengthen co-production of television programmes with Mainland broadcasters that foster the affection for our country, as well as provide more diversified programmes and present more programmes with national perspectives to strengthen social cohesion and public understanding (especially young people). In this connection, will the Administration inform this Committee:

1. of the estimated expenditure and staffing involved; and

2. of the work plan, roadmap and key performance indicators in the coming 3 years; if available, of the details; if not, the reasons for that.

Asked by: Hon CHAN Man-ki, Maggie (LegCo internal reference no.: 30)

Reply:

As a government department and the public service broadcaster, Radio Television Hong Kong (RTHK) firmly implements the public purposes and mission in the Charter of RTHK (the Charter), including promoting understanding of the concept of "One Country, Two Systems" and engendering a sense of citizenship and national identity. The performance of RTHK is evaluated under 8 Programme Production Goals (PPGs), which are drawn up based on the public purposes, mission and programming objectives stipulated in the Charter. RTHK's performance under respective PPGs is set out in the Controlling Officer's Report.

To engender a sense of citizenship and national identity, RTHK is committed to strengthening partnership with different Mainland broadcasters and co-producing television programmes that foster the affection for our country. RTHK has established cooperation with the China Media Group, Beijing Radio & Television Station, Shanghai Media Group, Yunnan Television, Guangdong Radio and Television and Guangzhou Broadcasting Network (GZBN), etc.. Besides, the 3 digital terrestrial television channels operated by RTHK relay programmes of China Central Television and China Global Television Network, enabling the public to watch more programmes with a national perspective.

In addition, RTHK will broadcast important activities and major events of our country and Hong Kong or produce relevant programmes to strengthen public understanding of the relevant subjects and promote social cohesion, such as the promotion, programme production and live broadcast of the 15th National Games (NG), and the 12th National Games for Persons with Disabilities and the 9th National Special Olympic Games to be held in November and December 2025. RTHK also plans to co-produce with GZBN on a new cultural tourism programme to introduce the preparatory work for the NG in various Greater Bay Area cities and new tourism information in the surrounding areas.

In the coming year, RTHK will also produce and broadcast programmes targeting at young people to nurture their patriotic feelings and promote their understanding of our country. For instance, RTHK is preparing the production of the new series of “Basic Law Quiz Competition” to enhance the understanding of the Constitution and the Basic Law among young people; and will co-produce the new series of “Love Our Home, Treasure Our Country” with the Education Bureau. Besides, young people and members of the public from the 18 districts will be invited to participate in the “Basic Law and Patriotic Education Quiz”, so as to deepen their understanding of the Chinese civilisation; “Young Cultural Ambassadors” will enable young people to understand historical stories such as Hong Kong’s resistance against Japanese aggression, inheritance of the Chinese culture, and the establishment of Hong Kong by Chinese in the early days; and the children’s programme “Learning Basic Law with Good Neighbours” introduces the essence of the Basic Law to children in theatrical form. RTHK will conduct school and community tours to promote these programmes.

The expenditure and manpower involved will be covered by existing resources. RTHK does not maintain separate breakdown of expenditure and manpower involved.

RTHK’s production directions and work plans are devised in accordance with the Charter. The Charter stipulates that RTHK should prepare an annual plan. The annual plan for 2025-26 will be published in April this year. To enhance the quality and effectiveness of programmes, RTHK will review and adjust the service performance criteria on an annual basis to assess the effectiveness.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB128

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0414)

Head: (160) Radio Television Hong Kong

Subhead (No. & title): (-) -

Programme: (1) Radio, (2) Public Affairs and General Television Programme

Controlling Officer: Director of Broadcasting (Angelina KWAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Promoting understanding of the concept of "One Country, Two Systems" and engendering a sense of citizenship and national identity is one of the Programme Production Goals set by Radio Television Hong Kong (RTHK). In this regard, will the Administration inform this Committee of the details and specific achievements of the relevant work last year? What was the amount of expenditure involved? Has there been any review of its effectiveness? In the coming year, what are the work plan of RTHK and the amount of expenditure to be involved?

Asked by: Hon CHEUNG Yu-yan, Tommy (LegCo internal reference no.: 31)

Reply:

As a government department and the public service broadcaster, Radio Television Hong Kong (RTHK) firmly implements the public purposes and mission under the Charter of RTHK, including promoting understanding of the concept of "One Country, Two Systems" and engendering a sense of citizenship and national identity.

In 2024-25, RTHK produced and broadcast various programmes and events on important topics such as the Constitution, the Basic Law, national security education, the Guangdong-Hong Kong-Macao Greater Bay Area, etc. For television, in 2024-25, RTHK produced and broadcast programmes including "Basic Law and Us", "Basic Law cum Sports Ambassadors 123 School Tours", the new theme song for the Basic Law "Wings", and a series of special programmes for "The Third Plenary Session", such as "Seminar on Promotion of Spirit of Third Plenary Session of 20th CPC Central Committee", "Chat on 3rd Plenary Session", "Quick Look at 3rd Plenary Session", "Deepening Reform in the New Era – 3rd Plenary Session of the 20th Central Committee of the CPC", etc., and the live broadcast of the flag raising ceremony, opening ceremony cum seminar for the National Security Education Day, as well as the flag raising ceremony and seminar for the Constitution Day. The number of transmission hours for the relevant programmes was 2 974.

For radio, in 2024-25, RTHK produced and broadcast programmes including "More About the National Security Law", "Young Politician – National Security Education Day Special", "Our Neighbours", "National Security Legal Forum", "50 Years After: Third Plenary Session of the 20th CPC Central Committee Series", "Heart to Class – National Studies Special Series: Third Plenary Session", "Macao in My Eyes", etc. The number of transmission hours for the relevant programmes was 1 130.

Moreover, to efficiently utilise production resources and cater for the need of audience and listeners, related programmes were simulcast on RTHK website and the mobile application "RTHK TV", and were available in archives. Some of the programmes have been authorised to be broadcast on RTHK's social media platforms (e.g. RTHK YouTube Channel). Besides, RTHK launched a series of special online learning programmes on its website to introduce national affairs, such as "Our National Anthem", "Understanding the National Constitution, the Basic Law and the National Security Law", "Door of Diplomacy", "The Third Plenary Session of the 20th Central Committee of the Communist Party of China", "The 20th National Congress of the Communist Party of China", "Citizenship & Society: Special Webcasts", and dedicated webpages for Mainland dramas, etc. By making use of the characteristics of internet multimedia, the "Chinese Culture" website channel presents the great Chinese cultural heritage, such as history, culture, arts and beautiful landscape to the public through sound, visual and words.

According to the audience surveys of 2024, over 90% of the respondents agreed that RTHK's radio and TV programmes had achieved the Programme Production Goal of promoting understanding of the concept of "One Country, Two Systems" and engendering a sense of citizenship and national identity. To enhance the quality and effectiveness of programmes, RTHK will review and adjust the service performance criteria on an annual basis to assess the effectiveness.

In 2025-26, RTHK will continue producing programmes to engender a sense of citizenship and national identity among the public. For TV programmes, RTHK will launch programmes related to the theme of "80th anniversary of victory in the War of Resistance", so as to enhance the sense of identity with our country and the Chinese culture among the public through history, culture and national education. Besides, young people and members of the public from the 18 districts will be invited to participate in the "Basic Law and Patriotic Education Quiz", so as to deepen their understanding of the Chinese civilization; "New Legacy Keepers" will introduce and explore the preservation and promotion of the Chinese culture and craftsmanship; "Young Cultural Ambassadors" will enable young people to understand historical stories such as Hong Kong's resistance against Japanese aggression, inheritance of the Chinese culture, and the establishment of Hong Kong by Chinese in the early days; "Learning Basic Law with Good Neighbours" introduces the essence of the Basic Law to children in theatrical form, etc. It is estimated that a total of 3 000 hours of relevant programmes will be broadcast throughout the year.

For radio programmes, RTHK will produce various programmes to promote public understanding on the importance of safeguarding national security, including "The 17th Hong Kong Cup Diplomatic Knowledge Contest", which will enhance students' interest in and awareness of the diplomacy of our country; "NSL Chronicles III", which will use the latest cases as the entry point, invite young people to share their viewpoints and questions concerning the Hong Kong National Security Law and explain the Law from diverse perspectives; "Our Neighbours II" which will deepen audience understanding of the countries along the Belt and Road, and our country's efforts in promoting diplomatic relationship along this modern-day Silk Road through dialogues amongst scholars and guests as well as storytelling. It is estimated that a total of 1 100 hours of relevant programmes will be broadcast throughout the year.

The expenditure of the above items will be covered by existing resources. RTHK does not maintain separate breakdown of expenditure.

- End -

Reply Serial No.

CEDB129

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1892)

Head: (160) Radio Television Hong Kong

Subhead (No. & title): (-) -

Programme: (1) Radio, (3) New Media

Controlling Officer: Director of Broadcasting (Angelina KWAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In regard of the performance of Radio Television Hong Kong (RTHK), please inform this Committee of the following:

1. The estimated expenditure provided by the Administration for radio services has been increasing. However, according to the document, for the 8 Goals, satisfaction with programmes, recognition, and the number of listeners have all dropped by various degrees. What is/are the reason(s)?

2. Given that the multiple indicators mentioned above did not meet the expected targets, does the Administration have any plans to flexibly deploy resources to improve and adjust the service in order to enhance service level and programme quality, as well as bring about innovative reform to radio services? Amongst other initiatives, will the Administration consider relaxing some of the restrictions, such as language requirements, programme hour requirements, as well as advertising restrictions in order to enhance the competitiveness of radio programmes in the future?

3. Regarding the 6 mobile applications provided by RTHK, please provide the average usage, as well as the manpower expenditure involved in the operation and daily maintenance of each application in the past 3 years.

4. Given the impact of the communication power of other online platforms and social media on the usage of RTHK's mobile applications, will the Administration consider, in the light of the actual situation, merging or discontinuing some of the applications, and consolidating information to enhance the overall effectiveness of the New Media services, so as to reduce costs while boosting effectiveness?

Asked by: Hon FOK Kai-kong, Kenneth (LegCo internal reference no.: 17)

<u>Reply</u>:

As a public service broadcaster, Radio Television Hong Kong (RTHK)'s programme production has to cater for the needs of different groups in the society, including the mass audience as well as the minority groups such as ethnic minorities and non-Chinese speaking group. Besides, programmes produced by RTHK cover various aspects including news, public affairs, government information, national education, sports, culture, lifestyle and education programmes, etc. RTHK reviews and updates the programme line-up of different channels from time to time. In this regard, RTHK launched a new programme arrangement which involved a series of programme changes in the 2nd quarter of last year, including adjusting radio programme schedule, reducing overlap of similar programmes, providing more diversified content, etc. to cater the needs of different audience groups. It may take time for audience to get used to the changes of radio programmes. In the coming year, the programme production teams will conduct focus group surveys and collect audience feedback through various channels. RTHK will further enhance programme content and quality taking into account the feedback and operational experience. RTHK will control its expenditure with caution and utilise its resources to provide quality programmes to the public.

The average monthly usage of the 6 mobile applications of RTHK in the past 3 years are tabulated below:

Mobile Application	**Usage (based on the average usage of the application on a monthly basis)** Note 1		
	2022	**2023**	**2024**
RTHK on the Go	136 000	123 000	105 000
RTHK TV	23 000	20 000	32 000
RTHK Radio	98 000	99 000	103 000
RTHK News	125 000	79 000	61 000
RTHK Chinese History – the Flourishing Age	- Note2		
RTHK Audio Description	- Note2		

Note 1: Rounded to the nearest thousand

Note 2: As the 2 mobile applications are not equipped with "usage" trackers, there is no relevant data.

The total annual operating expenditure of the 6 mobile applications is about $800,000. RTHK does not have a breakdown of the operating expenditure and manpower involved by individual mobile applications.

RTHK regularly reviews the operation of each application, and had consolidated and renamed 6 applications in mid-2023 to better reflect the respective service positioning and functions. RTHK will continue to closely monitor the operation of each mobile application and make adjustment where necessary to provide services to the public more effectively through the applications.

- End -

CEDB130

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1465)

Head: (160) Radio Television Hong Kong

Subhead (No. & title): (-) -

Programme: (1) Radio, (2) Public Affairs and General Television Programme

Controlling Officer: Director of Broadcasting (Angelina KWAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As the sole public service broadcaster of Hong Kong, Radio Television Hong Kong (RTHK) currently has 8 radio channels and 5 Digital Terrestrial Television (DTT) channels. Regarding the operation of RTHK, will the Government advise this Committee of the following:

1. What were the actual listenerships and viewerships of various radio channels and DTT channels respectively over the past 3 years?

2. Has RTHK set target listenerships and viewerships for various radio channels and DTT channels? If so, have the targets been met? If not, is there any plan to set performance indicators?

3. This year, RTHK has to exert full efforts on the preparation and promotion of the 15th National Games, and the 12th National Games for Persons with Disabilities and the 9th National Special Olympic Games. What are the estimated expenditures involved and the expected viewerships respectively?

4. There are views that RTHK television channels have a weaker viewership than other free television channels. What are the plans (whether in the short, medium or long term) and relevant estimates to enhance the public reach of various RTHK radio channels and television channels, while striking a balance between supporting government policies, promoting patriotic education, promoting Chinese culture and presenting programme content which caters for the needs and tastes of the public?

Asked by: Hon HO King-hong, Adrian Pedro (LegCo internal reference no.: 24)

Reply:

As a public broadcaster, Radio Television Hong Kong (RTHK)'s programme production has to cater for the needs of different groups in the society, including the mass audience as well as the minority groups such as ethnic minorities and non-Chinese speaking group. Besides, programmes produced by RTHK cover various aspects including news, public affairs, government information, national education, sports, culture, lifestyle and education programmes, etc. As such, viewership and listening ratings are not appropriate reference indicators for evaluating RTHK's performance in providing public broadcasting services.

The performance of RTHK is evaluated under 8 Programme Production Goals (PPGs), which are drawn up based on the public purposes, mission and programming objectives stipulated in the Charter of RTHK. RTHK's performance under respective PPGs is set out in the Controlling Officer's Report. RTHK will review and adjust the service performance criteria on an annual basis to assess the effectiveness.

RTHK will promote, produce programmes and live broadcast the 15th National Games (NG) and the 12th National Games for Persons with Disabilities and the 9th National Special Olympic Games (NGD and NSOG) to be held in November and December 2025. In 2025-26, RTHK estimates that the promotion, programme production and live broadcast of the NG, NGD and NSOG will involve a total spending of around $153 million. RTHK will cover the competitions of the NG, NGD and NSOG in an all-round manner through its TV channels, RTHK website and mobile applications, and produce relevant programmes. It is expected that the total number of programme transmission hours will be no less than 3 500 hours.

RTHK will continue to produce different types of programmes on various themes, proactively assist in strengthening the dissemination of government information, and promote national education, sports and culture and social inclusion. RTHK will also acquire programmes, such as popular Chinese dramas and drama programmes from different regions, as well as source international films and high quality documentaries, etc., in order to provide diversified programme choices for audience.

- End -

CEDB131

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3161)

Head: (160) Radio Television Hong Kong

Subhead (No. & title): (-) -

Programme: (1) Radio

Controlling Officer: Director of Broadcasting (Angelina KWAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Radio Division of Radio Television Hong Kong operates 8 AM/FM channels. The 2025-26 financial provision is HK$510.5 million (increase by 4.3%).

The rapid development of internet nowadays has facilitated the free flow of information and provided countless ways of entertainment. The number of people who listen to the radio has decreased compared to the past. Would it be possible to merge the channels to reduce the expenditure?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 40)

Reply:

To provide diversified programmes to the public, the Radio Division of Radio Television Hong Kong (RTHK) operates 8 AM/FM channels and every channel has distinctive positioning. Amongst them, 2 channels relay China National Radio Hong Kong Edition and Radio the Greater Bay of the China Media Group respectively. The other 6 channels provide diversified programmes, with Channel 1 providing news, information and variety programmes; Channel 2 providing entertainment and pop music programmes, and promoting youth, family and community activities; Channel 3 providing English news, information and variety programmes; Channel 4 providing classical music and art programmes; Channel 5 providing elderly, cultural and education programmes, catering to the needs of the broad community and minority interest groups; and Putonghua Channel providing variety programmes, news, financial information and Community Involvement Broadcasting Service programmes. Apart from providing Cantonese, Putonghua and English programmes, RTHK also broadcasts programmes in the languages of ethnic minorities, including Bahasa Indonesia, Tagalog, Nepali and Urdu to serve audience of different ethnicities in Hong Kong. RTHK has no plan to merge the channels at present.

In light of the rapid development of new media, RTHK has, through internal redeployment of resources and utilisation of technology in recent years, produced convergence media programmes to present programmes in different forms through various means of media, as well as leveraged new media and social platforms to enhance publicity, so that its programmes can reach different communities.

- End -

CEDB132

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3276)

Head: (160) Radio Television Hong Kong

Subhead (No. & title): (-) -

Programme: (1) Radio

Controlling Officer: Director of Broadcasting (Angelina KWAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Programme Production Goal 2 of Radio Television Hong Kong (RTHK) is to promote understanding of the concept of "One Country, Two Systems" and engender a sense of citizenship and national identity.

Why does RTHK, as the public service broadcaster, plan to reduce the hours for understanding "One Country, Two Systems" in 2025-26 from 1 130 to 1 100 (-2.6%)?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 41)

Reply:

As a government department and the public service broadcaster, Radio Television Hong Kong (RTHK) firmly implements the public purposes and mission under the Charter of RTHK, including promoting understanding of the concept of "One Country, Two Systems" and engendering a sense of citizenship and national identity.

For radio programmes, in 2025-26, RTHK will continue to produce programmes on important topics such as the Constitution, the Basic Law, national security education, etc., including "The 17th Hong Kong Cup Diplomatic Knowledge Contest", which will enhance students' interest in and awareness of the diplomacy of our country; "NSL Chronicles III" , which will use the latest cases as the entry point, invite young people to share their viewpoints and questions concerning the Hong Kong National Security Law and explain the Law from diverse perspectives; "Our Neighbours II" which will deepen audience understanding of the countries along the Belt and Road, and our country's efforts in promoting diplomatic relationship along this modern-day Silk Road through dialogues amongst scholars and guests as well as storytelling; thematic programmes on the 80th anniversary of victory in the War of Resistance; and educational programmes on patriotism, etc. It is estimated that a total of 1 100 hours of radio programmes on engendering a sense of citizenship and national identity will be broadcast throughout the year. Besides, depending on the nature and theme of the programmes, certain programmes which engender a sense of citizenship and national identity are included under other Programme Production Goals (PPGs). This does not mean that the transmission hours of these programmes are reduced. For instance, educational, arts and cultural programmes which are related to our country will be respectively counted towards the transmission hours of PPG 6 (promoting education and learning) and PPG 7 (promoting arts and cultural activities).

Besides, for TV programmes, in 2025-26, RTHK will launch programmes related to the theme of "80th anniversary of victory in the War of Resistance", so as to enhance the sense of identity with our country and the Chinese culture among the public through history, culture and national education; young people and members of the public from the 18 districts will be invited to participate in the "Basic Law and Patriotic Education Quiz", so as to deepen their understanding of the Chinese civilization; "New Legacy Keepers" will introduce and explore the preservation and promotion of the Chinese culture and craftsmanship; "Young Cultural Ambassadors" will enable young people to understand historical stories such as Hong Kong's resistance against Japanese aggression, inheritance of the Chinese culture, and the establishment of Hong Kong by Chinese in the early days; "Learning Basic Law with Good Neighbours" introduces the essence of the Basic Law to children in theatrical form, etc. It is estimated that a total of 3 000 hours of the above TV programmes on engendering a sense of citizenship and national identity will be broadcast throughout the year, which has increased by 26 hours when compared to 2024-25.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB133

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0750)

Head: (160) Radio Television Hong Kong

Subhead (No. & title): (-) -

Programme: (2) Public Affairs and General Television Programme

Controlling Officer: Director of Broadcasting (Angelina KWAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Will the Administration inform this Committee of the average viewership of RTHK's television programmes? Besides, to optimise the use of public resources, will the Government consider acquiring programmes to replace the mass production of in-house programmes? Does the Government have any plan to realign RTHK's production direction?

Asked by: Hon LAM So-wai (LegCo internal reference no.: 6)

Reply:

The performance of Radio Television Hong Kong (RTHK) is evaluated under 8 Programme Production Goals, which are drawn up based on the public purposes, mission and programming objectives stipulated in the Charter of RTHK. RTHK's performance under respective indicators is set out in the Controlling Officer's Report. As a public broadcaster, RTHK's programme production has to cater for the needs of different groups in the society, including the mass audience as well as the minority groups such as ethnic minorities and non-Chinese speaking group. Besides, programmes produced by RTHK cover various aspects including news, public affairs, government information, national education, sports, culture, lifestyle and education programmes, etc. As such, viewership rating is not an appropriate reference indicator for evaluating RTHK's performance in providing public broadcasting services. RTHK does not conduct any survey on viewership ratings of its television programmes nor maintain such statistics.

RTHK's production directions are set in accordance with its Charter. RTHK will continue to produce different types of programmes on various themes, proactively assist in strengthening the dissemination of government information, and promote national education, sports and culture and social inclusion. RTHK will also acquire programmes, such as popular Chinese dramas and drama programmes from different regions, as well as source international films and high quality documentaries, etc., in order to provide diversified programme choices for audience.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1423)

Head: (160) Radio Television Hong Kong

Subhead (No. & title): (-) -

Programme: (1) Radio, (2) Public Affairs and General Television Programme, (3) New Media

Controlling Officer: Director of Broadcasting (Angelina KWAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government will increase the provision to Radio Television Hong Kong for the production, promotion and live broadcast of the 15th National Games, and the 12th National Games for Persons with Disabilities and the 9th National Special Olympic Games. In this regard, will the Government inform this Committee:

(1) of the amounts to be used for the production, promotion and live broadcast respectively;

(2) whether additional manpower expenditure is involved; if so, of the details; and

(3) of the estimated number of programme hours?

Asked by: Hon LEUNG Man-kwong (LegCo internal reference no.: 19)

Reply:

Radio Television Hong Kong (RTHK) will promote, produce programme and live broadcast the 15th National Games (NG), and the 12th National Games for Persons with Disabilities and the 9th National Special Olympic Games (NGD and NSOG) to be held in November and December 2025.

In 2025-26, RTHK estimates that the promotion, programme production and live broadcast of the NG, NGD and NSOG will involve a total spending of around $153 million. The relevant expenses and additional manpower involved for individual item will depend on the actual work arrangement and hence there is no concrete figure at the moment.

RTHK will cover the competitions of the NG, NGD and NSOG in an all-round manner through its TV channels, RTHK website and mobile applications, and produce relevant programmes to raise public awareness and interest in these 2 mega sports events. It is expected that the total number of programme transmission hours will be no less than 3 500 hours.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB135

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1117)

Head: (160) Radio Television Hong Kong

Subhead (No. & title): (603) Plant, Vehicles and Equipment

Programme: (-) -

Controlling Officer: Director of Broadcasting (Angelina KWAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The commitment approved in the context of the Appropriation Bill 2024 for infrastructure enhancement and upgrading for the coverage and broadcast of the 15th National Games, and the 12th National Games for Persons with Disabilities and the 9th National Special Olympic Games was $116 million. The revised expenditure for 2024-25 is $36.25 million. According to the Government, another new commitment of $14.50 million is sought in the context of the Appropriation Bill 2025 for infrastructure enhancement and upgrading for supporting the live broadcast and signal relay of the events of the 15th National Games, and the 12th National Games for Persons with Disabilities and the 9th National Special Olympic Games. In this connection, will the Government inform this Committee of the justification for the proposed new commitment of $14.50 million?

Asked by: Hon LOONG Hon-biu, Louis (LegCo internal reference no.: 37)

Reply:

In supporting the promotion, programme production and live broadcast of the 15th National Games, and the 12th National Games for Persons with Disabilities and the 9th National Special Olympic Games to be held in November and December 2025, Radio Television Hong Kong (RTHK) was allocated with a provision of $116 million to upgrade the broadcasting infrastructure and production equipment. The relevant procurement work, conducted in 2 financial years, has been largely completed. The total revised estimated expenditure of the procurement of infrastructure and production equipment for 2024-25 is $36.25 million, while the estimated expenditure for 2025-26 is $79.75 million.

In 2025-26, an additional provision of $14.50 million is required for RTHK to procure equipment for the transmission of 4K live broadcasting signal between Guangdong and Hong Kong, to ensure the signal transmission of RTHK is in line with the Competition Video Standards used in large-scale national sports events.

- End -

Reply Serial No.

CEDB136

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2013)

Head: (160) Radio Television Hong Kong

Subhead (No. & title): (-) -

Programme: (3) New Media

Controlling Officer: Director of Broadcasting (Angelina KWAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The New Media services of Radio Television Hong Kong (RTHK) provide different online platforms and contents for audiences through the official website (i.e. "rthk.hk"), 6 mobile applications featuring different services (namely "RTHK on the Go", "RTHK TV", "RTHK Radio", "RTHK News", "RTHK Chinese History – the Flourishing Age" and "RTHK Audio Description"), and on social media (such as YouTube, Facebook and Instagram). In this connection, please inform this Committee:

a) of the reason(s) for RTHK to provide online platforms and contents through 6 applications, and whether the Administration can merge the 6 platforms into 1;

b) whether the expenditure for the merged online platform will reduce significantly;

c) of the average operating expenditure for each platform.

Asked by: Hon LUK Hon-man, Benson (LegCo internal reference no.: 37)

Reply:

In light of the trends of media development, Radio Television Hong Kong (RTHK) disseminates programmes and information through its official website, mobile applications and social media (such as YouTube, Facebook and Instagram). RTHK regularly reviews the operation of each application, and had consolidated and renamed 6 applications in mid-2023 to better reflect their respective service positioning and functions.

With the continuous development of the new media services and diversification of RTHK's programmes, the initial "RTHK on the Go" mobile application has evolved into 3 other applications (i.e. "RTHK TV", "RTHK Radio" and "RTHK News") to provide clearer communication functions and contents; the applications "RTHK Chinese History – the Flourishing Age" and "RTHK Audio Description" promotes specific themes and serves people with special needs respectively. RTHK will continue to closely monitor the operation of each mobile application and make adjustment where necessary to provide services to the public more effectively through the applications.

The annual total operating expenditure of the 6 mobile applications is about $800,000. RTHK does not have a breakdown of the operating expenditure by individual mobile applications.

- End -

CEDB137

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1276)

Head: (160) Radio Television Hong Kong

Subhead (No. & title): (603) Plant, Vehicles and Equipment

Programme: (2) Public Affairs and General Television Programme

Controlling Officer: Director of Broadcasting (Angelina KWAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Under capital items 809 and 810, expenditures of $79.75 million and $14.50 million will be incurred for the enhancement and upgrading for the coverage and on-site relay of the 15th National Games (NG), and the 12th National Games for Persons with Disabilities (NGD). In this connection, please advise of the following:

(1) What is the schedule for the enhancement and upgrading works? For item 810, its funding is sought in the context of the Appropriation Bill 2025, i.e. in late April which is only 6 months before the NG opening. Can the works be completed as scheduled?

(2) What are the arrangements for the live broadcast and relay of the NG and NGD? Will all the programmes be provided free of charge to other local, Mainland and overseas media?

(3) Will the facilities be suitable for use in the development of RTHK after the NG? Will the original plans required for equipment upgrading in Hong Kong be replaced?

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 18)

Reply:

To support the promotion, programme production and live broadcast of the 15th National Games (NG), and the 12th National Games for Persons with Disabilities and the 9th National Special Olympic Games (NGD and NSOG), Radio Television Hong Kong (RTHK) has started preparing for the upgrading works of the broadcasting infrastructure and production equipment since last year.

The estimated expenditure of $79.75 million involved in item 809 under the capital account as approved under the Appropriation Bill 2024 is mainly used for upgrading the broadcasting infrastructure and production equipment. The procurement procedures for the relevant equipment have been largely completed, with equipment delivered, installed and tested in phases. The overall installation and testing will be completed by September 2025.

As regards the estimated expenditure of $14.50 million involved in item 810 under the capital account, it is used for the procurement of equipment for the transmission of 4K live broadcasting signal between Guangdong and Hong Kong. RTHK is carrying out preparatory work for the procurement, such as conducting market research and drafting equipment technical specifications, and the preparatory work is close to completion. Once the Appropriation Bill 2025 is passed, RTHK will commence the procurement procedures immediately. It is expected that the equipment for the transmission of live broadcasting signal will be ready by end September 2025.

The National Games Coordination Office (Hong Kong) (NGCO) is liaising with the Organising Committees of the NG, NGD and NSOG on the arrangement for relay of competitions (including competitions to be held in Hong Kong). The NGCO will announce the relevant details in due course. RTHK will promote the competitions through various platforms (including TV channels 31, 32 and popup 36, as well as radio channels, website and mobile applications).

The relevant facilities and equipment procured for the NG, NGD and NSOG will effectively upgrade the production equipment of some studios, signal transmission system and broadcasting infrastructure of RTHK. RTHK will retain all facilities and equipment after the events to optimise the use of public resources.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB138

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1314)

Head: (160) Radio Television Hong Kong

Subhead (No. & title): (000) Operational Expenses

Programme: (-) -

Controlling Officer: Director of Broadcasting (Angelina KWAN)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

(1) There will be an overall 23.1% increase in the expenditure of Radio Television Hong Kong (RTHK) for the 3 Programmes in 2025-26. According to the analysis of financial and staffing provision, the increase in estimates for the 3 Programmes is mainly due to the increase in operating expenses, as well as the increase in capital expenditure for Programme (2). What are the operating expenses to be increased for the 3 Programmes?

(2) There will be a decrease of 2 posts for both Programmes (1) and (2) this year. What are the posts involved?

(3) How many vacancies are there in RTHK at present? According to the Financial Secretary, the civil service establishment will be reduced by 2% each in the coming 2 financial years, and about 10 000 posts are expected to be deleted within this term of Government. How many posts will be deleted by RTHK this year?

(4) RTHK has currently commissioned the production of some programmes. How many permanent posts have been reduced by RTHK as a result of this? Is there any plan for further programme commissioning this year?

(5) What is the progress of the plan for the construction of the new Broadcasting House in Tseung Kwan O by RTHK? Will the funding application be submitted to the Legislative Council (LegCo) this year? What will be the change in the estimated funding required when compared with the amount submitted to LegCo for discussion in the past?

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 19)

Reply:

The increase of $291.3 million (23.1%) in Radio Television Hong Kong (RTHK)'s estimate for 2025-26 as compared with the revised estimate for 2024-25 is mainly for the promotion, programme production and live broadcast of the 15th National Games, and the 12th National Games for Persons with Disabilities and the 9th National Special Olympic Games. The estimated expenditure for the 3 programmes are tabulated below:

Programme	**2024-25 Revised Estimate ($m)**	**2025-26 Estimate ($m)**	**Increase ($m) (Percentage)**
Radio	489.4	510.5	21.1 (+4.3%)
Public Affairs and General Television Programme	723.7	990.9	267.2 (+36.9%)
New Media	47.2	50.2	3.0 (+6.4%)

In 2025-26, RTHK, through internal redeployment and streamlining of procedures, will reduce 4 non-directorate civil service posts including 1 Clerical Assistant post and 1 Programme Assistant post under Programme (1) (Radio), and 1 Clerical Assistant post and 1 Artisan post under Programme (2) (Public Affairs and General Television Programme).

As at 1 March 2025, RTHK has 125 civil service vacancies in total. RTHK will comprehensively review its staffing and operation, and introduce appropriate measures including streamlining its structure for more effective use of public resources without affecting the quality of RTHK's programmes and services.

Since 2019, RTHK has ceased programme commissioning and has been focusing on training in-house production staff of RTHK to ensure its programme quality and the availability of sufficient talent within the Department to meet the need of future development. RTHK has no plan to change the existing production arrangement.

RTHK is studying the relocation of the Broadcasting House to meet long-term development needs. There is no concrete plan at the moment. To meet operational needs, RTHK has commenced operation of the offices and programme production facilities located in the AIA Kowloon Building in Kwun Tong under tenancy since 2023, including studios, programme production studios, editing rooms and prop workshops, etc. RTHK will also continue to repair and maintain the Broadcasting House and the Television House, and rent other facilities to meet its production and development needs.

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB139

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2828)

Head:	(180) Office for Film, Newspaper and Article Administration
Subhead (No. & title):	(000) Operational expenses
Programme:	(-) Film Classification, Control of Obscene and Indecent Articles and Newspaper Registration
Controlling Officer:	Director of Film, Newspaper and Article Administration (Mr Chaucer LEUNG)
Director of Bureau:	Secretary for Commerce and Economic Development

Question:

Under Head 180, it is mentioned that the Office for Film, Newspaper and Article Administration will organise publicity and public education programmes to promote public awareness of the provisions of the Control of Obscene and Indecent Articles Ordinance ("COIAO"). In this connection, please inform this Committee of:

1. the estimated expenditure and manpower resources for the publicity and public education programmes in the coming 3 years; and

2. whether there is any plan to integrate the promotion of "building up good family values, family education and family tradition" into the publicity programmes. If yes, what are the details and the timetable? If no, what are the reasons?

Asked by: Hon CHAN Man-ki, Maggie (LegCo internal reference no.: 19)

Reply:

The Office for Film, Newspaper and Article Administration (OFNAA) has been working to enhance public awareness of the Control of Obscene and Indecent Articles Ordinance (COIAO) and to promote the message of staying away from obscene and indecent content on the Internet through various publicity and public education programmes. In the coming 3 years, OFNAA will continue to conduct various publicity and public education programmes, with an estimated expenditure in 2025-26 at about $6.1 million. The estimated expenditure in 2026-27 and beyond will depend on factors such as the format, quantity, scale and number of participants of the programmes. As regards civil service manpower, the relevant manpower and expenditure have been subsumed under the overall establishment and estimated expenditure of OFNAA, and cannot be quantified separately.

Apart from conducting student programmes of various formats, such as the “Healthy Information Student Ambassadors Scheme”, roving drama performances for schools, the “Healthy Mobile App Sticker Design Competition”, slogan and colouring competition, the “Healthy Student Video Contest” and the “Healthy Chinese Public Speaking Competition”, OFNAA has also enhanced publicity efforts towards parents and schools, which include more than 250 sessions of talks to introduce the COIAO and the proper use of the Internet, webinars as well as workshops for parents planned to be conducted in 2025. In addition, OFNAA has been working proactively with various bureaux, departments and organisations, including the Home and Youth Affairs Bureau, the Education Bureau (EDB), the Hong Kong Police Force and the Family Council, to strengthen collaborations such as taking part in the webinars of professional development programme for teachers organised by the EDB to give briefing on ways to help students stay away from harmful material on the Internet, incorporating information concerning the COIAO in relevant websites or applications as well as through various programmes or channels, so as to complement the promotion of “building up good family values, family education and family tradition” and proactively take forward the relevant publicity and public education works.

- End -

CEDB140

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2864)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Aaron LIU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the Dedicated Fund on Branding, Upgrading and Domestic Sales, please inform this Committee of:

1) the effectiveness and expenditure of the above programme since its launch; If so, the details; if not, the reasons; and

2) whether any key performance indicators have been set for the next three years; if so, the details; if not, the reasons.

Asked by: Hon CHAN Man-ki, Maggie (LegCo internal reference no.: 31)

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support for enterprises to develop business in 40 economies with which Hong Kong has signed free trade agreements and/or investment promotion and protection agreements.

As at end February 2025, the number of applications and amount of funding approved under the BUD Fund reached 10 417 and $6.44 billion respectively, benefitting a total of 6 841 enterprises. The Government has been conducting project completion surveys and annual tracking surveys through the Hong Kong Productivity Council (HKPC), the BUD Fund Secretariat, to assess the effectiveness of the BUD Fund. As at end February 2025, around 99% of the enterprises that responded to the project completion surveys considered the BUD Fund useful in supporting their business development. The enterprises also generally considered that the funded projects had helped them in various areas, including enhancing corporate image, awareness of their brands/products/services, and their overall competitiveness, etc. Moreover, around 99% of the enterprises that responded to the annual tracking surveys considered the BUD Fund useful to their long term development.

We have been closely monitoring and reviewing the operational arrangements of the BUD Fund continuously. Targets and indicators for different aspects of the operational arrangements of the BUD Fund have also been set in the Controlling Officer's Report of the Trade and Industry Department (TID), including the performance pledge of processing applications, planned number of applications received and processed, etc.

The manpower and expenditure of the Commerce and Economic Development Bureau and TID for implementing the BUD Fund have been subsumed under the respective overall establishment and estimate, and cannot be quantified separately. The estimated expenditure of the BUD Fund in 2025-26 is $1.292 billion, including the manpower and other fees provided to HKPC as the Programme Secretariat for implementing the BUD Fund, as well as disbursements to grantees.

- End -

CEDB141

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2906)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Aaron LIU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in Programme (3) Support for Small and Medium Enterprises and Industries that during 2025-26, the Trade and Industry Department will continue to administer the enhanced services of "SME ReachOut" in providing small and medium enterprises (SMEs) capacity building services and enhancing assistance to SMEs in government funding applications. In this connection, will the Government inform this Committee of the following:

1. What are the plans and staff establishment for the coming three years?

2. Have any key performance indicators been set for the plans to review the effectiveness of the support for SMEs in the future? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHAN Man-ki, Maggie (LegCo internal reference no.: 37)

Reply:

The Government established "SME ReachOut", which is operated by the Hong Kong Productivity Council (HKPC), in January 2020 to help small and medium enterprises (SMEs) identify suitable government funding schemes and answer questions relating to applications. To further support SMEs, the Government announced in 2023 an allocation of $100 million to gradually enhance the services of "SME ReachOut" in the ensuing 5 years starting from October 2023. Adopting a multi-pronged approach, "SME ReachOut" plans to enhance its services in the coming few years through assisting SMEs in applying for government funding, providing one-on-one consultation services, organising major events and proactively visiting more chambers of commerce and commercial/industrial buildings, thereby providing capacity-building services for SMEs. The themes of the activities will focus on environmental, social and governance, technology transformation, digitalisation and cyber security, with a view to assisting SMEs in enhancing their competitiveness through leveraging new technologies. In addition, "SME ReachOut" has launched a virtual platform to facilitate

SMEs in using its services. Since the enhancement of the service of "SME ReachOut" in October 2023, the headcount has been increased from 10 to 16.

The Government has worked with HKPC to set various key performance indicators for the enhanced services of "SME ReachOut", including handling 7 600 enquiries on average per year over a period of 5 years; arranging 100 technology and business knowhow meetings; assisting 2 400 enterprises through one-on-one consultations; participating in or arranging 50 promotion activities and 2 exhibitions; organising 10 to 12 seminars and 4 networking events, as well as organising 1 major event per year.

"SME ReachOut" has to submit progress reports regularly to the Government, which will closely monitor the work progress. The Government will conduct a mid-term review on the services of "SME ReachOut" around 2026. In the meantime, the Government will also keep in view the service scope and the related headcount having regard to the feedback of the trade and the market situation.

- End -

Reply Serial No.

CEDB142

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1449)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry (Aaron LIU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the "SME ReachOut" operated by the Hong Kong Productivity Council, will the Government inform this Committee of the following:

1. What were the expenditure and manpower involved in each financial year since the establishment of "SME ReachOut"?

2. The role of "SME ReachOut" is to help small and medium enterprises (SMEs) identify suitable government funding schemes. How many requests for assistance were received from SMEs each year since the establishment of "SME ReachOut" and how was the distribution by industry sector? Please provide the relevant information in tabular form.

3. Does "SME ReachOut" follow up on the assistance requests received from SMEs to ensure that "SME ReachOut" has genuinely provided pragmatic assistance to SMEs? If yes, what are the details? If no, what are the reasons?

Asked by: Hon HO King-hong, Adrian Pedro (LegCo internal reference no.: 8)

Reply:

The Government established "SME ReachOut", which is operated by the Hong Kong Productivity Council (HKPC), in January 2020 to help small and medium enterprises (SMEs) identify suitable government funding schemes and answer questions relating to applications. To further support SMEs, the Government announced in 2023 an allocation of $100 million to gradually enhance the services of "SME ReachOut" in the ensuing 5 years starting from October 2023. The expenditure borne by the Government for "SME ReachOut" from its establishment in January 2020 to September 2023 was about $32.8 million, with an average annual expenditure of about $8.75 million. After the service enhancement, the expenditure borne by the Government for the half year from October 2023 to March 2024 was about $9.7 million; and the estimated expenditure to be borne by the Government in 2024-25 is about $19.1 million. The headcount of "SME ReachOut" has also been increased from 10 to 16 since the service enhancement in October 2023.

Based on the needs of enterprises, "SME ReachOut" helps SMEs identify suitable funding schemes and answers questions relating to applications through one-on-one consultations which are free of charge. In order to provide further assistance, "SME ReachOut" also proactively liaises with the enterprises after the consultations to follow up on the applications. Moreover, "SME ReachOut" duly disseminates updated information on government funding to enterprises through its virtual platform, promotion activities, visits to chambers of commerce and commercial and industrial buildings and online social platforms. As at end February 2025, "SME ReachOut" has handled over 29 800 enquiries, and organised or participated in 13 exhibitions, more than 60 physical seminars or webinars, as well as over 280 promotion activities.

According to the estimation from the data collected annually by HKPC, the number of SME beneficiaries of "SME ReachOut" and distribution of the major beneficiary sectors from 2021 to 2024 [Note 1] are as follows:

	Year			
	2021	**2022**	**2023**	**2024**
No. of SME beneficiaries	About 3 200	About 2 270	About 3 590	About 4 650
Major beneficiary sectors [Note 2] (percentage of annual total)	Import and export trade (17%)	Import and export trade (17%)	Import and export trade (13%)	Import and export trade (14%)
	Information and communication technology (10%)	Professional services (e.g. architecture, legal, human resources, marketing, public relations, etc.) (12%)	Information and communication technology (12%)	Information and communication technology (13%)
	Professional services (e.g. architecture, legal, human resources, marketing, public relations, etc.) (9%)	Hotel, food and beverage (10%)	Professional services (e.g. architecture, legal, human resources, marketing, public relations, etc.) (9%)	Professional services (e.g. architecture, legal, human resources, marketing, public relations, etc.) (10%)
	Hotel, food and beverage (8%)	Information and communication technology (9%)	Healthcare (7%)	Retail (7%)

	Year			
	2021	2022	2023	2024
	Retail (7%)	Retail (7%)	Education and training (6%)	Hotel, food and beverage (6%)

Note 1: "SME ReachOut" started collecting sectoral data of the SME beneficiaries in 2021.

Note 2: The figures regarding major beneficiary sectors are calculated based on the number of SMEs willing to provide information. The number of SMEs willing to provide information is as follows:
2021: About 1 700
2022: About 860
2023: About 1 850
2024: About 3 070

- End -

Examination of Estimates of Expenditure 2025-26

Reply Serial No.

CEDB143

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0260)

Head: (181) Trade and Industry Department

Subhead (No. & title): (-) -

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Aaron LIU)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to Programme 1, since Hong Kong and the Mainland signed the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) in 2003, both sides have continued to explore further trade and investment liberalisation and to facilitate smooth and effective implementation of relevant liberalisation measures. The Trade and Industry Department (TID) is responsible for coordinating with relevant departments in discussions with the Mainland authorities. Will TID have discussions with relevant Mainland authorities again in the future to further relax the restrictions on the business scope of Hong Kong's testing and certification bodies? For example, the Guangdong Province currently allows proprietary Chinese medicines for external use registered in Hong Kong to be registered and sold in the Greater Bay Area through streamlined approval procedures. Will the Government adopt the trade's suggestions and pursue with the relevant Mainland authorities to expand the coverage of the relevant measures to the whole Mainland through the "CEPA" mechanism, extend the measures to more industries (such as Chinese medicine, health product and food, etc.), and grant market access arrangements on an equal basis to Hong Kong products registered in Hong Kong or with certification reports issued by designated Hong Kong's inspection bodies ? If yes, what are the details?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 231)

Reply:

Having consulted the Environment and Ecology Bureau (EEB), the Health Bureau and the Innovation, Technology and Industry Bureau, our consolidated reply is as follows.

The Hong Kong Special Administrative Region (HKSAR) Government strives to assist Hong Kong's enterprises in entering the Mainland market through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), seeking more room for development for the trade on the Mainland and, at the same time, strengthening the economic and trade relations between the 2 places and fostering trade and investment facilitation. Since the signing of CEPA in 2003, the Mainland and Hong Kong have continuously enriched and updated the contents of CEPA, gradually opening up the Mainland market to Hong Kong businesses.

Under the CEPA Agreement on Trade in Services, Hong Kong service suppliers can enjoy preferential treatment in entering the Mainland market and developing Mainland business in most service sectors. The HKSAR Government will maintain close communication with the Mainland authorities to continue enriching the contents of CEPA, and to discuss and formulate more liberalisation measures, including those for testing and certification services, at an appropriate time.

Besides, under the CEPA Agreement on Trade in Goods, the Mainland and Hong Kong may engage in exchanges, consultations and cooperation to further enhance the level of trade facilitation. Specific matters are discussed directly by the relevant competent authorities of the 2 sides. In recent years, a number of measures for enhancing the level of trade facilitation have been implemented upon consultations between the bureaux and departments of the HKSAR Government and the relevant Mainland authorities. Examples include signing of the "Cooperation Agreement on the Supervision of Safety and Facilitation of Customs Clearance of Food Products Manufactured in Hong Kong Exported to the Mainland" between EEB and the General Administration of Customs of the People's Republic of China to provide customs clearance facilitation for food products meeting relevant requirements with a view to shortening the time required for customs clearance and simplifying procedures; dovetailing the implementation of the national policy of "Measure of using Hong Kong registered drugs and medical devices used in Hong Kong public hospitals in Guangdong-Hong Kong-Macao Greater Bay Area"; and implementing the arrangement of streamlining the approval procedures for Hong Kong registered traditional proprietary Chinese medicines for external and oral use to be sold and registered on the Mainland.

The relevant bureaux and departments of the HKSAR Government will continue to consult the trade through professional bodies, industry organisations, etc., and actively discuss measures with the Mainland authorities for enhancing the level of trade facilitation, so as to assist the trade in further exploring the Mainland market and deepen the cooperation and mutual development between the 2 places in different areas.

- End -